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Ministry Business Plan

1996-97 to 1998-99

Alberta

AGRICULTURE, FOOD AND
RURAL DEVELOPMENT

Agriculture, Food and Rural Development

Business Plan 1996-97 to 1998-99

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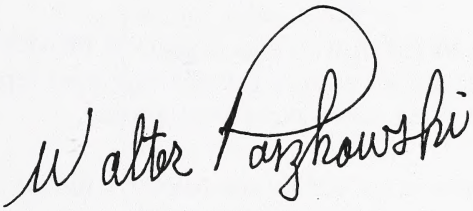
Accountability Statement

This Business Plan for the three years commencing April 1, 1996, was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at January 31, 1996, with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.



Honourable Walter Paszkowski
Minister of Agriculture, Food and Rural Development
February 22, 1996

Executive Summary

- In 1993, the Ministry of Agriculture, Food and Rural Development (AFRD) began to redefine its relationship with the agriculture and food industry, to better address its customers' needs, and to reassess its programs, policies and procedures to deal with fiscal realities.

- The results of the ***Creating Tomorrow*** consultations set much of the framework for the Ministry's new direction. Changes in the global economy, anticipated changes in federal legislation, and the "new role of government" have also helped chart our new course.

- This document is the Ministry's third three-year business plan. It builds on the previous two plans to keep the Ministry moving towards achievement of its newly revised mission:

  > **We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.**

- Appendices included with this document provide three-year plans for the department and for each of the nine agencies reporting to the Minister of Agriculture, Food and Rural Development.

- Key directions proposed by the Ministry for the next three years are summarized in pages 11 through 13. These initiatives are intended to further respond to client needs while contributing to the government's fiscal restraint objectives.

- AFRD contributes to each of the government's three core businesses - people, prosperity and preservation. Our primary focus is on the second core business - working with others to promote prosperity for Alberta through a strong, market-driven agriculture and food industry.

Introduction

- In accordance with the Constitution of Canada, the provinces share jurisdiction for agriculture with the federal government. Both Canada and Alberta legislate, regulate, and provide programs and services for agriculture.

- The Minister is now responsible, in whole or in part, for 40 Acts of the Legislature (reduced from 55 Acts in 1993-94 as part of the Regulatory Reform process). These provide the legislative base for programs and regulations to assist the agriculture and food industry.

- AFRD works cooperatively with other ministries to deliver services to the industry. In addition, the Ministry is responsible for coordinating the government's effort to encourage rural development.

- As outlined in Figure 1, the Ministry is organized into a department and nine agencies.

Figure 1

Ministry of Agriculture, Food and Rural Development	
Agencies	**Department Divisions**
Agriculture Financial Services Corporation (AFSC)	Research
Agricultural Research Institute (ARI)	Rural Development
Alberta Dairy Control Board	Southern Region
Farmers' Advocate	Central Region
Irrigation Council	North East Region
Surface Rights Board	North West Region
Land Compensation Board	Peace Region
Agricultural Products Marketing Council	Marketing Services
Alberta Grain Commission	Processing Industry
	Plant Industry
	Animal Industry
	Policy Secretariat
	Central Program Support
	Economic Services
	Irrigation and Resource Management
	Communications
	Administration

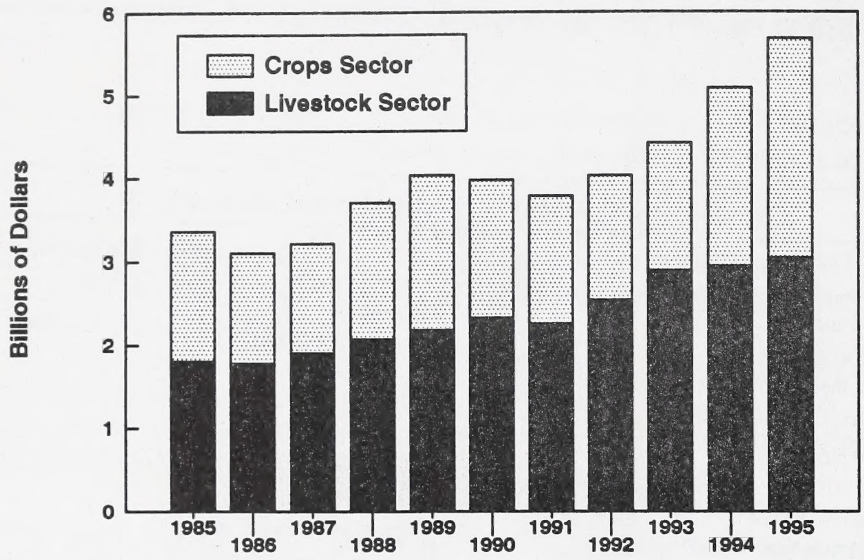
Agriculture and Food Industry Today and Tomorrow

- While the agriculture and food industry has a rich history in Alberta, the Ministry continues to believe that agriculture is Alberta's future, not its past.

The Industry Today

- With only nine per cent of Canada's population, Alberta annually accounts for about one-quarter of Canada's primary agricultural production. In 1995, the value of Alberta farm products sold off-farm amounted to about $5.7 billion (Figure 2).

Figure 2 Alberta's Farm Market Cash Receipts for Crops and Livestock



Note: These figures exclude federal and provincial government support payments to farmers. Estimates for 1995 indicate that payments totalled $184 million of which $157 million were in crops and $27 million were in the livestock sector.

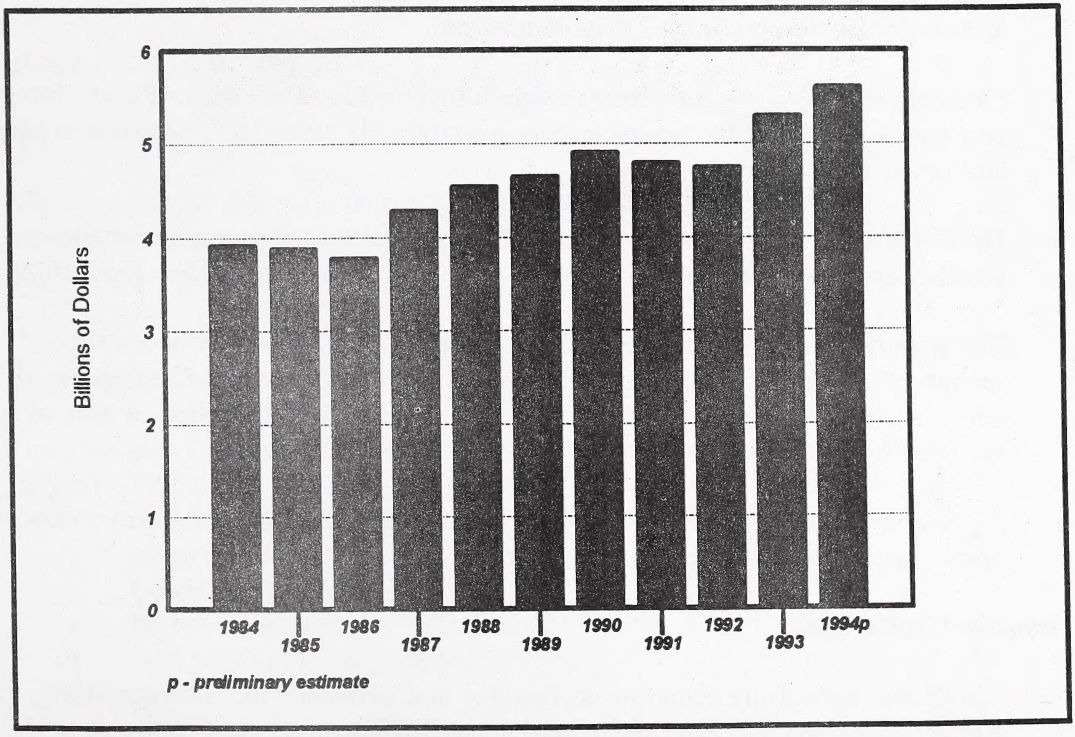
- Alberta has a balanced agricultural industry, with both the livestock and crop sectors contributing significantly to farm-level activity. In 1995, crops accounted for 48 per cent of total cash receipts from farming operations while livestock and animal products made up the remaining 52 per cent.

- Alberta continues to be a leading province in livestock production, with the largest cattle and sheep populations of any province, and the third largest pig population behind Ontario and Quebec. On July 1, 1995 this province had 5.87 million cattle or 39 per cent of Canada's cattle inventory, 2.02 million pigs (or 17 per cent of the Canadian total), and 264,000 sheep and lambs (or 31 per cent of the Canadian total).

- Alberta grain and oilseed producers have adjusted to world market signals by altering cropping patterns over the past several years. For example, canola acreage increased from a 10-year average of 3.17 million to 4.4 million acres in 1995. Correspondingly, a fairly weak wheat market led to a decrease in wheat acreage from a 10-year average of 7.41 million to 6.67 million acres. Special crops have become an important diversification option for Alberta farmers. For the 10-year period from 1985 to 1994, pea acreage in Alberta averaged 147 thousand acres and is now estimated at 465 thousand acres.

- Alberta has a fast-growing value-added processing base which will provide momentum for further development. In 1994, the total value of shipments from Alberta's food and beverage manufacturing sectors was $5.65 billion (Figure 3). Close to 45 per cent of the value of shipments of food and beverage products was sold to out-of-province markets.

Figure 3 **Alberta's Food and Beverage Manufacturing Sectors - Value of Shipments**



- Alberta's agricultural and food industries annually produce considerably more food than we consume. External markets are an important extension of the province's agri-food complex. In 1994, about $3.6 billion worth of raw commodities and processed food products, including beverages, were exported to 131 countries.

Potential for Growth in the Industry

- *Seizing Opportunity,* Alberta's economic development strategy, recognizes the potential of the province's agriculture and food industry to contribute to Alberta's economy.

- The abundance of Alberta's natural resources, the expertise of its people, its favourable location and positive business environment place the province in a strong position to capitalize on available opportunities.

- Free trade agreements and increased consumer demand in fast-growing, affluent markets will result in increasing exports of most agricultural products.

- In particular, world demand for pork and pork products is growing. Alberta's recognized quality and productive capacity could support the annual production and slaughter of 6 to 10 million hogs over the next decade (compared with current annual production of about 2.6 million hogs).

- Diversification is a key for Alberta's agriculture and food industry. Pulses, forage and a wide variety of horticulture crops have growth potential for Alberta producers and processors.

- Greater diversity in consumer preferences means increased potential for the production of lamb and poultry, as well as alternative livestock such as bison.

- The elimination of the Western Grain Transportation Act will enhance the prospects for growth in new and existing value-added products. The opportunity continues to exist for as much as a four-fold increase (to $20 billion in annual sales) by 2005.

- Aggressive marketing of Alberta products in Pacific Asia and North America will allow the industry to further build on recent trade growth.

Industry Challenges

- The global agriculture economy is changing and becoming more competitive. Alberta's industry will have to become increasingly aggressive to maintain and increase market share of primary and processed products.

- Fiscal responsibility in government and implementation of new GATT trading rules have resulted in reductions to farm support programs both at the provincial and federal levels. This will require industry to become more resourceful and self-supporting.

- Alberta has a strong research infrastructure. However, rapidly changing technology and increased global competition mean that industry and government must increase research and development efforts in product diversification and new technologies to reduce costs and improve efficiency and competitiveness.

- Good resource stewardship and the production of safe, high quality food are paramount to product acceptance and to the long-term viability of the industry.

- The industry and government need to be more aggressive, creative and innovative in attracting investment for value-added processing.

Business Plan Foundation

Industry Vision

- AFRD's strategic direction is to a large extent based on the shared industry/government vision developed through the 1992-93 ***Creating Tomorrow*** public consultation process.

- During this process, over 2,000 industry participants considered their future and government's role in it.

- The ***Creating Tomorrow*** vision states that **Alberta's agriculture and food industry, will:**

    - **be profitable**
    - **be globally competitive**
    - **be environmentally sustainable**
    - **and will value its people.**

- Since ***Creating Tomorrow***, AFRD has completed over 40 additional initiatives to further consult with industry, in an effort to fine-tune the Ministry's programs and direction.

Ministry Vision, Mission and Goals

- During 1995-96, the Ministry developed a vision, and refined its mission and goals to provide further focus to its direction:

  Vision: **We are a Ministry of competent and valued staff working together and in partnership with others to achieve a world class industry.**

  Mission: **We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.**

- The Ministry's goals reflect its core businesses.

  Goals:
  1. Improved access to domestic and world market opportunities.
  2. Improved industry service, quality and cost competitiveness.
  3. Increased amount of value added to industry commodities, products and services.
  4. Increased diversity of industry commodities, products and services.
  5. Increased responsibility of industry to manage risk.
  6. Improved stewardship of natural resources for agricultural, industrial and public benefit.
  7. Improved management of the Ministry's resources.

- In addition to the above, a number of AFRD's agencies have developed their own mission and goals which are compatible with the Ministry's direction.

Primary Clients

- AFRD will continue to direct most efforts towards its primary clients - defined as:

  those people and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

Measurable Results

- AFRD's department and agency business plans (see appendices) identify a number of key results, performance measures and indicators particular to their specific operations. In addition, the Ministry has agreed on seven overall performance measures which reflect change at the macro-level and relate more directly to the government's key performance measures as identified in ***Measuring Up***. The seven Ministry macro measures with related benchmarks, forecasts and 1998-99 targets are included in Attachment 1.

Key Directions

- The Ministry remains committed to continuing its mission while looking for new and innovative ways to improve its products and services and reduce spending. This plan continues in the direction outlined in previous plans, emphasizing:

    - streamlining administration and improving the delivery of products and services,
    - building upon partnerships with other governments, agencies and industry, and
    - focussing on core businesses, particularly research and value-added development.

- Highlights of progress in 1995-96 are included in Attachment 2, while strategies and actions for 1996-97 - 1998-99 are included in the department and agency plans.

- Significant actions to be implemented over the course of the plan are consistent with overall government emphasis and include:

    - Obtain the necessary changes to allow marketing choice in wheat and barley markets.

    - Complete negotiations and implement a renewed federal/provincial farm business management program in 1996-97.

    - Recommend changes to federal and provincial policies and programs to allow industry to make effective/efficient use of opportunities arising from the General Agreement on Tariffs and Trade, the North American Free Trade Agreement, and the elimination of the Western Grain Transportation Act.

- Implement the new Farm Income Stability Program, a safety net program designed to provide stability against significant gross margin fluctuations, comply with international trade agreements, and be less costly than previous safety net programs.

- Continue to place emphasis on research, consistent with the results of industry consultations and with plans submitted to the Alberta Science and Research Authority.

- Complete the arrangements to outsource some department information technology support functions.

- Expand AFRD's Internet Website to deliver department information and services and package additional department information for Internet delivery.

- Re-direct department resources towards the agri-food sector.

- Review all Ministry regulations, in consultation with industry, over the next three years, as outlined in the Ministry's plan submitted to the Regulatory Reform Task Force.

- Approve three Local Opportunity Bond projects by April, 1996.

- Enhance the collection and analysis of irrigation water requirement information to support the Year 2000 Water Management Review for the South Saskatchewan Basin.

- Eliminate market development grants to companies and individuals for out-of-country travel and related expenditures, effective April 1, 1996.

- Participate in a national review of crop insurance with any changes to the program to be effective for the 1997 crop year.

- Negotiate a new federal/provincial agreement on environmentally sustainable agriculture.

- Privatize the cattle management component of provincial grazing reserve operations, through the negotiation of Grazing Management Agreements with Patrons' Associations.

- Evaluate AFSC/Farm Credit Corporation farm lending pilot projects and make recommendations for further integration of farm lending programs, thus further reducing overlap and duplication.

- With the support of industry, implement the Growing More than Food - Growing Alberta program to improve the public's understanding of the importance of the agriculture and food industry to the economy and the measures the industry is taking to be environmentally responsible.

- Provide leadership in the development of partnerships and alliances in rural development resources and programs.

- Work with others to provide training and successfully implement the intensive livestock operations guidelines.

- Continue efforts to harmonize the Alberta, Saskatchewan and Manitoba farm implement acts by 1997-98.

- Work within the government's recently established framework to deliver Special Places 2000 in the White Area of the province.

- By 1997-98, terminate the Agro-Forestry (Shelterbelt) Program and arrange for transition to private delivery.

- Introduce AFSC's Point of Sale Transaction system to provide for immediate entry of crop insurance data eliminating the former four to six week processing time and saving about $500,000.

- Terminate the Alberta Private Irrigation Development Assistance Program, effective immediately.

- Continue to amalgamate Public Lands, Regional Advisory Services, and AFSC Lending and Insurance offices.

- Further implement fees for selected departmental services, materials and programs where there is direct benefit to individual users.

Financial Plan

- The following table summarizes the Ministry's historical and projected income statement and Ministry expenditure funded from the General Revenue Fund (GRF). Details are included in Attachment 3.

($000)	Consolidated Income Statement			Expenditure Funded From GRF	% Reduction from 1992-93 Base
	Deficit (Surplus)	Revenue	Expenditure		
1992-93 Actual	517,802	(668,385)	1,186,187	508,284	--
1993-94 Actual	375,283	(382,537)	757,820	477,646	6.0
1994-95 Actual	170,698	(273,409)	444,107	343,258	32.5
1995-96 Forecast	295,133	(226,039)	521,172	354,244	30.3
1996-97 Projection	313,645	(235,668)	549,313	336,870	33.7
1997-98 Projection	275,749	(263,354)	539,103	287,395	43.4
1998-99 Projection	283,336	(275,555)	558,891	289,987	42.9

(n.b., Figures for 1992-93 to 1995-96 have been made comparable by adjusting for funds that are now considered part of the General Revenue Fund.)

- Historical and projected "full time equivalent" (FTE) estimates are as follows:

1992-93 Actual	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Projection	1997-98 Projection	1998-99 Projection
2,389	2,238	2,107	2,004	1,963	1,903	1,778

(n.b., Figures for 1992-93 to 1995-96 have been made comparable by adjusting for responsibilities that have since been transferred to AFRD from other ministries.)

Conclusion

- This plan carries on with the direction established in 1993-94 and 1994-95. It has been strengthened based on extensive on-going consultation with industry, including continued consultation with the Agriculture and Food Council.

- The plan sets out a clear course for the Ministry for the next three years. It will be reviewed and updated annually based on measured progress, feedback from clients, and changes in the industry and the government policy environment.

Attachment 1: Ministry Macro Performance Measures

1. Percentage of Canadian Farm Cash Receipts Alberta farmers and ranchers account for.

Alberta Farm Cash Receipts

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Forecast	1999 Target
Total Receipts ($000)	4,604,645	5,438,609	5,865,000	5,800,000	5,900,000	6,100,000
Alberta as a % of Canada	20.11	21.19	21.50	21.50	21.75	22.00

(n.b., For all of the measures, the 1989-1993 Benchmark is a five year average for 1989 to 1993.)

2. Government program payments to Alberta farmers.

Direct Program Payments

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Forecast	1999 Target
Total Payments ($000)	555,126	357,684	185,000	250,000	250,000	250,000
Payments as a % of Farm Cash Receipts	12.06	6.58	3.15	4.30	4.20	4.10

(n.b., Direct program payments to Alberta farmers represent dollars paid directly to farmers from provincial and federal government programs. Included are payments from NISA, GRIP, crop insurance, tripartite programs, FISP, drought, compensation for animal losses and dairy subsidies. Program payments presented here are not net of producer premiums and do not include payments under the Western Grain Transition Payments Program.)

3. Percentage contributed by Alberta's food and beverage industry to Canada's total value of shipments.

Alberta Food and Beverage Industries' Value of Shipments

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Forecast	1999 Target
Total Value of Shipments ($000)	4,849,300	5,650,000	5,600,000	5,600,000	5,700,000	5,800,000
Alberta as a % of Canada	10.81	11.60	11.60	11.60	11.70	12.00

4. Value of exports of agriculture and food products from Alberta to other provinces and countries.

Value of out-of-province shipments of agriculture and food products

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Forecast	1999 Target
Total Value ($000)	4,151,942	5,846,228	5,100,000	5,200,000	5,300,000	5,500,000

5. Importance of Alberta agriculture, food and beverage industries relative to Alberta's gross domestic product.

Contribution to Gross Provincial Product

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Forecast	1999 Target
% of total GPP	5.13	5.32	5.40	5.45	5.50	6.00

6. Employment in agriculture and food.

Employment (thousands of people)

	1989-1993 Benchmark	1994 Actual	1995 Forecast	1996 Forecast	1997 Forecast	1999 Target
Primary Agriculture	88	81	81	80	80	80
Food and Beverage	17	16	16	17	18	19
Total	105	97	97	97	98	99

(n.b., Alberta's agriculture industry continues to maintain a very low level of unemployment when compared to any of the major industries in Alberta.)

7. Responsible stewardship of soil and water used by the industry.

Total Acres of Traditional Summerfallow

	1989-1993 Benchmark	1994 Actual	1995 Actual	1996 Forecast	1997 Forecast	1999 Target
Thousands of Acres	4,365	3,700	3,700	3,600	3,500	3,500

(n.b., While traditional summerfallowing keeps the land bare and free of weeds, it leaves the soil exposed to wind and/or water erosion, both of which are potentially very detrimental to conserving the soil).

Attachment 2: Highlights of Ministry Progress in 1995-96

GOALS[1]	1995-96 PROGRESS
Goal 1: Improved Market Access and Response	• Local marketing/trade representatives in Harbin, China; Guadalajara, Mexico; and Tokyo, Japan completed their first year of activities, expanding support for industry market penetration in those regions. • Steps were taken to promote an increased focus on market research and to lead to a department priority list of products/services and markets. • Discussions/negotiations were initiated to review and redefine the department's relationship with Agriculture and Agri-Food Canada concerning market development initiatives.
Goal 2: Increased Diversification and Value Added	• Information was provided to stakeholders on the implications and opportunities of the WGTA change. • Additional equipment was acquired and new cereal food science capability was added at the Food Processing Development Centre to enhance the centre's operations and effectiveness. • The Canada/Alberta Agri-Food Processing Agreement was successfully concluded. • Three new Agri-food Development Field Consultants are in place, encouraging local value-added development. • Planned revisions to the irrigation rehabilitation cost sharing formula were implemented to reduce the cost to the province. • Irrigation Council consulted with irrigation districts and provided recommendations on the terms of reference for the long-term irrigation rehabilitation program.
Goal 3: Develop Information and Technology	• ARI's strategy of allocating a greater proportion of its funding to matching grants continues to be effective in encouraging outside funding for research. For 1995-96, it is expected the matching commitment by industry and other external organizations will increase by 70% over 1994-95 levels. • An alliance with Agriculture and Agri-Food Canada and industry was formed to conduct applied research on improvements in the utilization of forages for beef cattle production in the Parkland areas of Alberta. • Crop research efforts resulted in a new variety of barley ("Kasota") being developed and released, and the first testing of a new variety of basil in North America. • ARI completed a special study to consider market opportunities and research needs in northern Alberta.
Goal 4: Access to Technology, Knowledge and Skills	• The department completed an Internet pilot project (Project Barley) in September 1995, and is now expanding its delivery of information and services on the Internet. • Two additional Regional Advisory Service/Public Lands office amalgamations and three additional AFSC/FCC/Regional Advisory Services amalgamations were completed. • The 4-H Key Leader Program is now fully operational. • The Ministry organized and delivered the annual Managing Agriculture for Profit Conference in January 1996, to 262 farm managers. • Negotiations with the federal government are continuing for renewal of the federal/provincial farm management training program.

GOALS[1]	1995-96 PROGRESS

Goal 5: Strengthen Risk Management	• Consultations were held with farmers on the proposed safety net package.
	• The Ministry participated in a federal/provincial bilateral negotiation process to facilitate:
	  • implementation of the new whole farm income stabilization program for the 1995 tax year,
	  • WGTA adjustment funding for forage and selected special crops, and
	  • second year transition funding for cattle, hogs and sheep.
	• Negotiations resulted in the early termination of the National Tripartite Stabilization Program for honey.
	• The Ministry facilitated the early opt-out provision for GRIP producers for the 1995 crop year.
	• Crop insurance was expanded to include six additional horticultural crops (broccoli, beans, cauliflower, cucumbers, pumpkins and winter squash).
	• The Ministry administered the agricultural component of the 1995 Southern Alberta Disaster Recovery Program.

Goal 6: Responsible Resource Stewardship	• In conjunction with the livestock industry, a Code of Practice was developed, providing standards and guidelines for intensive livestock production and facilitating proper siting and development approval. • The Ministry participated in the development of a National Environmental Strategy for Agriculture and Agri-Food. The strategy, in part, sets the basis for a future federal/provincial agreement to replace CAESA. • The Growing Alberta program was introduced to improve the urban public's understanding of the agriculture and food industry and its environmental performance.
Goal 7: Responsible Public Lands Management	• Plans to bring Provincial Grazing Reserves to full cost recovery by 1996-97 are well under way. • The Range Improvement Rental Credit and Rental Exemption Programs were terminated, as proposed. • A pilot project on the Whitemud Grazing Reserve was initiated to investigate the feasibility of transferring the direct management of cattle to patrons. • Responsibility for geophysical inspection on private land and road allowances was transferred to Environmental Protection.
Goal 8: Effective and Efficient Management of the Ministry's Financial and Human Resources	• The Ministry continued to review acts and regulations for possible improvement as part of the Regulatory Review process. During 1995-96, three acts were amended and two were transferred to Alberta Labour. • The six government-owned veterinary clinics in northern Alberta were privatized. • Proposed changes were implemented to reduce the government's guarantee liability under the Feeder Association Guarantee Act. • The department initiated an employee recognition program. • AFSC's Lending Division had $6 million of assets per employee, the highest ratio of any similar federal or provincial agency in Canada. The Insurance Division had the lowest ratio of administration costs when compared with other provincial crop insurance agencies. • A major consultation on the administration and allocation of grants to agricultural societies and Agricultural Service Boards was completed.

[1] The Ministry has further refined its goals during the last year. The goals listed above are those in place in 1994-95. For the complete wording of the 1994-95 goals, please see the Ministry's 1994-95 Business Plan.

Attachment 3:

Agriculture, Food and Rural Development
Ministry Consolidated Income Statement

($000)	1992-93 Actual[1]	1993-94 Actual[1]	1994-95 Actual[1]	1995-96 Estimate[1]	1995-96 Forecast[1]	1996-97 Estimate	1997-98 Target	1998-99 Target
REVENUE								
Department	20,031	56,173	18,861	11,493	10,164	8,663	7,993	6,663
AFRD Revolving Fund	--	--	--	11,376	11,699	11,876	11,776	11,950
Livestock Patrons' Assurance Fund	505	478	550	590	612	620	660	700
Irrigation District Rehab. Fund	10,418	6,138	1,028	170	170	90	--	--
AFSC	995,006	544,970	298,525	472,096	368,922	402,410	384,788	401,657
Crop Reinsurance Fund	15,028	16,156	12,893	30,071	16,980	20,633	26,432	29,945
ARI	2,205	6,536	7,781	6,835	7,878	7,481	7,380	7,165
Northern Lite Canola Inc.[2]	(4,020)	(2,049)	--	--	--	--	--	--
Dairy Control Board	827	772	803	773	788	750	750	750
Consolidation Adjustments	(371,615)	(246,637)	(67,032)	(187,881)	(191,174)	(216,855)	(176,425)	(183,275)
Consolidated Revenue	**668,385**	**382,537**	**273,409**	**345,523**	**226,039**	**235,668**	**263,354**	**275,555**
EXPENSE								
Program								
Department	510,035	479,045	343,198	369,951	355,327	339,051	290,151	292,659
AFRD Revolving Fund	--	--	--	11,543	11,228	11,800	11,539	11,324
Livestock Patrons' Assurance Fund	13	92	74	90	1,140	90	90	90
Irrigation District Rehab. Fund	--	--	8,957	7,200	7,200	1,600	--	--
AFSC	812,285	408,515	156,675	422,161	248,257	327,453	331,019	356,578
Crop Reinsurance Fund	31,917	--	--	12,676	--	--	--	--
ARI	2,777	6,998	7,910	6,835	8,492	7,813	7,546	7,231
Dairy Control Board	732	746	751	750	744	750	750	750
Consolidation Adjustments	(282,202)	(240,416)	(167,515)	(202,381)	(195,137)	(216,855)	(176,425)	(183,275)
Consolidated Program Expense	**1,075,557**	**654,980**	**360,050**	**628,825**	**437,251**	**471,702**	**464,670**	**485,357**
Debt Servicing Costs								
AFSC	109,059	104,110	94,587	87,155	85,709	79,847	77,209	76,063
Consolidated Expense	**1,184,616**	**759,090**	**444,637**	**715,980**	**522,960**	**551,549**	**541,879**	**561,420**
Net Revenue (Expense)	**(516,231)**	**(376,553)**	**(171,228)**	**(370,457)**	**(296,921)**	**(315,881)**	**(278,525)**	**(286,865)**
Decrease (Increase) in Capital Assets	**(1,571)**	**1,270**	**530**	**1,539**	**1,788**	**2,236**	**2,776**	**2,529**
Surplus (Deficit)	**(517,802)**	**(375,283)**	**(170,698)**	**(368,918)**	**(295,133)**	**(313,645)**	**(275,749)**	**(283,336)**

[1] Historical figures have been re-stated on a consolidated basis, for comparative purposes.

[2] This entity is a commercial enterprise or Crown-controlled corporation that is reported in revenue on a net profit or loss basis (revenue less expenses). Thus, it does not appear in the expense portion of the income statement.

Appendix 1 Department of Agriculture, Food and Rural Development

Business Plan 1996-97 to 1998-99

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Executive Summary

- The Department of Agriculture, Food and Rural Development is committed to facilitating the growth and development of the agriculture and food industry in Alberta.

- This plan is our third three-year business plan. It continues in the direction established in previous plans, and clearly sets out the department's key results, strategies and actions through to the 1998-99 fiscal year.

- The plan is consistent with overall government direction, and reflects a broad range of input, as expressed through a number of formal and informal consultation processes.

Introduction

- Over the last three years, the department has further developed its planning processes.

- In addition to department strategic planning and a strong commitment to consultation, which have been in place for a number of years, the planning process now includes:

    - a comprehensive division planning process,

    - thirteen cross-department product teams working with managers and industry to develop integrated plans to achieve market development and diversification opportunities in their specified areas,

    - a number of other specialized planning groups, including groups working on human resource development, staff rewards and recognition, and performance measurement and evaluation, and

    - a performance development system designed to tie individual performance directly to the business plan.

- All of these efforts have been instrumental in the preparation of this plan.

Mission and Goals

- The department is fully committed to the Ministry's mission:

  We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.

- In addition, it has adopted and contributes to the seven Ministry goals.

  1. Improved access to domestic and world market opportunities.

  2. Improved industry service, quality and cost competitiveness.

  3. Increased amount of value added to industry commodities, products and services.

  4. Increased diversity of industry commodities, products and services.

  5. Increased responsibility of industry to manage risk.

  6. Improved stewardship of natural resources for agricultural, industrial and public benefit.

  7. Improved management of the Ministry's resources.

Measurable Results

- The importance of monitoring progress toward the Ministry goals is understood.

- The department accepts the seven macro measures included in the Ministry plan as good overall measures to reflect industry change in line with the defined goals. In addition, the department has developed a set of key results and indicators for each of the seven goals (these are included in the 'Action Plans' which follow). More specific measures, with appropriate benchmarks and targets, will be developed for these indicators over the coming year.

- The department believes the strategies and actions proposed for 1996-97 - 1998-99 will contribute to the achievement of the department's key results and the Ministry's measurable results.

Action Plans for 1996-97 - 1998-99

- While the department is proposing a number of new initiatives, many of the actions are continuations of those presented last year. **Consistent with the presentation in our 1995-96 - 1997-98 plan, actions which are new or have changed significantly are designated with a "★". Ongoing actions are preceded by a "▪".**

- The department recognizes the Ministry's responsibility for coordinating the government's efforts in rural development. While it believes the actions listed on the following pages in support of the agriculture and food industry also support rural development, it recognizes rural development is far larger than agriculture and food. Actions proposed which directly relate to the Ministry's rural development responsibility are:

  - ★ Provide leadership in the development of partnerships and alliances in rural development resources and programs.
  - ★ Develop an integrated approach to support rural business development.
  - ★ Work with local community partners, such as service clubs, agricultural societies and 4-H, to design and implement a program to develop the entrepreneurial skills of rural youth.
  - ▪ Continue the 4-H Key Leader Program and recruit more private sector sponsorship.
  - ▪ In partnership with industry, jointly design, create, and deliver educational and training resources which meet the needs of diverse clientele, including producers, processors, farm employees, commodity groups, community leaders and volunteers.

Goal #1: Improved access to domestic and world market opportunities.

Key Results:	Indicators:
• Improved ability of Alberta's agri-food industry to assess and respond to market opportunities. • Increased market share in new and existing markets.	• Market share for priority products in priority markets.

Strategies:

- Increase the availability of strategic market information for use by industry in assessing opportunities.
- Encourage industry to take advantage of available opportunities in the global marketplace.
- Develop and advocate policies that improve market access.

Actions:

Market Opportunities, Information, and Access:

- ▪ Develop timely, accurate and accessible market information and ensure clients and partners are aware of market opportunities and constraints.
- ▪ Support the development of industry capability to conduct market research and collect, analyze and transfer market information.
- ▪ Provide opportunities for clients and partners to increase their knowledge and awareness of international markets.
- ▪ Encourage the industry to expand its networking to improve its effectiveness in the international marketplace.
- ▪ Encourage improved market-readiness.
- ★ Establish and maintain a base listing of priority products/services and markets.
- ★ By 1998-99, complete the re-orientation of market development efforts; placing more emphasis on priority markets and products, while reducing resources devoted to lesser priorities.
- ▪ Support improved safety, quality and consumer acceptance of Alberta agriculture and food products.

- Encourage industry to adopt international food processing standards by implementing an information program on Hazard Analysis Critical Control Point (HACCP) standards, ISO9000, and other food quality issues.
- ★ By 1997-98, further focus the department's animal health laboratories on eliminating animal health barriers to trade.

Policy Adjustment:

- Focus actions on policy and trade issues with the greatest potential for growth and development of Alberta's agriculture and food industry.
- Recommend changes to federal and provincial policies and programs to allow industry to make effective/efficient use of opportunities arising from the General Agreement on Tariffs and Trade (GATT), the North American Free Trade Agreement (NAFTA), and the elimination of the Western Grain Transportation Act (WGTA).
- Continue to press for improvements in the GATT/NAFTA Agreements.
- ★ Contribute to further reductions in interprovincial trade barriers by supporting an expansion in the scope and coverage of the internal trade agreement.
- Work with partners to resolve and prevent trade litigation.

Goal #2: Improved industry service, quality and cost competitiveness.

Key Results:	Indicators:
• Improved ability of Alberta's industry to meet its customers' needs. • Improved industry cost structures.	• Level of private and public sector investment in research and information development in priority areas. • Rate of adoption of technologies, knowledge and skills that address industry opportunities, solve problems and improve profitability. • Cost structures of Alberta's industry relative to its competitors.

Strategies:

- Encourage and conduct research targeted at those areas with the greatest potential for sustainable growth or significant improvement in efficiency.
- Improve the transfer of integrated and unbiased technology and information to assist industry competitiveness and market responsiveness.
- Encourage greater private sector involvement in conducting and funding research and in the delivery of information, technology and services.
- Develop and administer an improved legislative, regulatory and policy environment.

Actions:

New Information and Technology:

- Encourage and conduct research that will improve crop and livestock production while sustaining and improving resources.
- Collect, collate and evaluate research from around the globe.
- Strengthen partnerships with private and public research organizations to ensure key research capabilities are maintained.
- Continue to develop networks, multi disciplinary teams, and joint research with private and public, provincial, national and international organizations to ensure that appropriate research is done and duplication is avoided.

- Encourage private sector organizations to assume greater responsibility for research important to their respective interests.
- Continue to re-direct the emphasis of the Alberta Farm Machinery Research Centre toward the evaluation of concepts.
- Undertake research to improve management systems for confinement livestock operations that minimize environmental concerns.
- Develop new crop varieties with special qualities to meet customer needs.
- Support industry-directed genetic improvement research and development for crops and livestock.

Technology Transfer and Skill Development:

- Strengthen the department's core capabilities in key technology, knowledge and skill areas.
- In conjunction with industry and other stakeholders, continue to offer quality educational programs and conferences.
- ★ Complete negotiations and implement a renewed federal/provincial farm business management program in 1996-97 (the current federal/provincial program expires on March 31, 1996).
- Together with industry, develop and implement user-friendly electronic communications:
  - ★ Expand AFRD's Internet Website to deliver additional department information and services.
  - ★ Package additional department information for Internet delivery.
  - Maintain, upgrade and provide technical support for SPERG (a database of government programs and services) and place it on Internet.
  - Continue to support FBMInet (and its entry onto the Internet) for the delivery of farm business management information.
  - Further develop canola production information and decision support systems for electronic distribution to canola producers.
- During 1996-97, review the feasibility of contract delivery of selected services.
- Advance the humane and responsible care of animals in livestock operations.

Industry and Consumer Awareness:

- In partnership with industry, develop agricultural education awareness resources and train educators in the use of appropriate strategies, which promote an unbiased understanding of the agriculture and food industry.
- ★ With the support of industry, implement the Growing More than Food — Growing Alberta program to improve the public's understanding of the importance of the agriculture and food industry to the economy and the measures the industry is taking to be environmentally responsible.

Regulatory and Policy Framework:

- Participate in the Regulatory Reform process to facilitate business and economic development and to reduce costs to customers and the government.
- Advocate changes to marketing, handling and transportation regulations and operations to enhance global competitiveness.
  - ★ Obtain the necessary changes to allow marketing choice in wheat and barley markets.
  - ★ Advocate change in rail car allocation practices.
  - Complete a study of Alberta's advantage in the dairy and selected poultry industries in 1996-97.
- Work with industry and other governments to ensure the effective use of industry development funds that result from the early termination of National Tripartite Stabilization Programs (NTSP).

Goal #3: Increased amount of value added to industry commodities, products and services.

Key Results:	Indicators:
• Increased quantity of marketable products processed in Alberta. • Growth and development of the value-added sector.	• Number of new products developed and processes adopted. • Value added to agri-food products. • Investment in the processing industry.

Strategies:

- Work in partnership with others to develop opportunities, reduce constraints, and encourage new and expanded value-added production in Alberta.

Actions:

Value Added:

- Work proactively with industry to review options and opportunities in a post-WGTA environment.
- Encourage research and commercial development of new value-added products processes.
- Promote technological advances in the food processing industry that increase value added.
- Facilitate expansion and new investment in the agriculture and food industry.
- Identify constraints and distortions that inhibit industry's ability to add value, and work to resolve selected issues (e.g., the proposed Canada Transportation Act, Canadian Wheat Board Act, taxation inequities).
- ★ Re-direct department resources to the agri-food sector.
- ★ Utilize the Alberta Health Survey to prepare information packages for consumers and processors to support market research.
- Work with appropriate commodity and agri-food groups to develop new food product information materials.

Goal #4: Increased diversity of industry commodities, products and services.

Key Results:	Indicators:
• Increased number of marketable commodities grown, raised and processed in Alberta. • Growth in the production and sales of non-traditional commodities, products and services.	• Number of different commodities grown, raised and processed. • Value of production of non-traditional commodities and products.

Strategies:

- Continue to encourage more diverse, commercially sustainable production in Alberta.

Actions:

Diversification

- ▪ Conduct and encourage research on new crops, alternative livestock and agri-food products appropriate for Alberta.
- ▪ Continue to develop a stronger applied research program for special crops in central and northern Alberta similar to the capability available in southern Alberta.
- ▪ Identify new diversification opportunities.
- ▪ Continue to utilize the Food Processing Development Centre to provide technical information and to assist in the development of new and diverse products.
- ★ Facilitate the emergence of a plant biotechnology industry in Alberta.
- ★ Implement a training and resource development series to facilitate new ventures and diversification.
- ★ Maintain a catalogue of new ventures and diversification training material on FBMInet.
- ★ Explore the potential to commercialize grass carp fish production in the Province.
- ▪ Support Irrigation Council to implement the new long-term Irrigation Rehabilitation Program.
- ★ Enhance the collection and analysis of irrigation water requirement information to support the Year 2000 Water Management Review for the South Saskatchewan Basin.

Goal #5: Increased responsibility of industry to manage risk.

Key Results:	Indicators:
• Increased use of new and existing marketing, processing, production and financial risk management information and tools by the industry. • Effective safety net programs compatible with international trade obligations.	• Use of new and existing risk management information and tools. • Programs that withstand trade challenges.

Strategies:

- Encourage increased knowledge and skills that will help minimize risk from adverse events.
- In cooperation with AFSC, the industry and the federal government, continue the process to implement a lower-cost, market-neutral, whole-farm safety net approach and maintain a strong crop insurance program.

Actions:

Risk Management Information:

- Provide information and training to increase the awareness and understanding of risk management tools.
- Develop and provide information on preventing and managing livestock and plant diseases.
- In partnership with others, develop and implement provincial and national farm safety programs.

1996-97 - Safety Nets:

- Assist with the implementation of the new Farm Income Stability Program (FISP).
- In cooperation with AFSC, continue to assess and improve crop insurance programs.
- Continue to participate in a bilateral process with the federal government to establish industry development funding for the grains and oilseeds sector from government GRIP-surplus funds.

- Continue to evaluate remaining price and input support programs, and pursue terminations and/or adjustments in line with the long-term strategy for safety nets.

1997-98 - Safety Nets:

- Continue to assist with the implementation of FISP and conduct an evaluation of program performance.
- ★ Initiate the process to terminate the NTSP Plan for sugar beets.

Goal #6: Improved stewardship of natural resources for agricultural, industrial and public benefit.

Key Results:	Indicators:
• Improved and sustainable soil and water resources.	• Land quality. • Water quality. • Use of practices which improve water management.
• Maintenance and improvement in the quality of the public land resource. • Increased sustainable use of public lands by agriculture, other industries, the public and wildlife.	• Use of practices which maintain and improve the quality of the public land resource. • Type and number of agricultural and other land use agreements.

Strategies:

- Develop and extend technologies and management practices that protect, enhance and integrate our soil, water and other natural resources.
- Monitor the impact of the agriculture and food industry on soil, water and the larger ecosystem.
- Manage White Area public lands for the long-term benefit of the agriculture and food industry and the public, by maintaining a balance of development, use and conservation.

Actions:

Resource Stewardship:

- Continue to develop, package and transfer information to protect and improve soil and water resources.
- Promote and encourage environmentally sustainable production and processing practices in the industry.
- Communicate agriculture's interests to government agencies responsible for a variety of agriculture initiatives.
- Negotiate a new federal/provincial agreement on environmentally sustainable agriculture (n.b., the Canada-Alberta Environmentally Sustainable Agriculture Agreement expires in March, 1997).

- Continue to work in partnership with Agriculture and Agri-Food Canada to develop a practical set of agricultural environmental indicators relevant to Alberta conditions.
- Encourage municipalities to incorporate provincial land use policies in their municipal development plans and bylaws.
- ★ Work with others to provide training and successfully implement the intensive livestock operations guidelines.
- ★ Partner with other agencies to facilitate improved management of riparian areas on agricultural lands.
- ★ Participate in the development of provincial guidelines for forest management on agricultural lands.
- Design new research projects aimed at integrating crop production and protection with stewardship needs.

Public Lands Management:

- In cooperation with partners, develop and administer essential policy and legislation for the management of public land, and provide opportunities for public input into land use decisions.
- Consider a review of issues involving grazing leases to address public and lessees' concerns and update policies.
- Operate provincial grazing reserves on a cost-recovery basis.
- Reallocate uses for grazing reserves which cannot be made financially viable.
- Complete the process to replace the provincial grazing reserve re-development program, formerly funded by the Alberta Heritage Savings and Trust Fund, with a patron-funded program, by March 31, 1997.
- ★ Privatize the cattle management component of provincial grazing reserve operations through the negotiation of Grazing Management Agreements with Patrons' Associations.
- Manage public land agricultural dispositions in a manner which assists the sustained development of the agricultural industry while responding to the needs of other users.
- ★ Work within the government's recently established framework to deliver Special Places 2000 in the White Area of the province.
- ★ Review and update industrial land management practices on Public Lands.
- ★ Effectively manage the Provincial Grazing Reserve and Public Lands Management components of the department's revolving fund.
- ★ In conjunction with Alberta Environmental Protection and other stakeholders, evaluate opportunities for streamlining the reclamation certification process.

Goal #7: Improved management of the Ministry's resources.

Key Results:	Indicators:
• Competent, capable and versatile employees. • Optimal use of financial and capital resources. • Client satisfaction with department services and products.	• Staff competency. • Reduced waste and duplication. • Client satisfaction.

Strategies:

- Improve business planning and implementation.
- Maintain a competent staff complement.
- Improve fiscal responsibility and accountability.

Actions:

Business Planning:

- Continue to incorporate customer feedback in the preparation of the plans and policies of the Department.
- Use product teams as mechanisms to improve cross-sectoral department planning in priority areas.
- ★ Implement a Management Information System to provide timely and accurate information for monitoring progress against the business plan.
- Continue to work with the Agriculture and Food Council to integrate strategic plans and policies with the industry vision and goals.

Human Resource Development:

- Manage the department's Human Resource Development Plan and monitor progress.
  - Increase employees' understanding and commitment to the business plan.
  - Support the continuing education and development of employees in relevant skills and competencies.
  - Select, promote and develop employees to be able to take on different responsibilities as the ministry plans for the future.

- Review department organizational structures and systems to ensure they are consistent with the effective delivery of the business plan.
- Recognize employees for demonstrating corporate values of teamwork, high quality service, and continuous improvement.

Administrative Practices:

- Ensure department resources are allocated effectively, in line with government guidelines and department goals.
- Handle client and departmental requests and queries promptly and effectively.
- Improve the quality of communications with clients and staff.
- ★ Commencing in 1996-97, implement new financial and human resource systems and re-design finance and human resource functions, to improve information and reduce costs.
- ★ In conjunction with AFSC, establish a Ministry electronic network to enhance internal communications.
- Continue to amalgamate Public Lands, Regional Advisory Services, and AFSC Lending and Insurance offices.
- Assess the feasibility of further office amalgamations with other agricultural agencies, as opportunities arise.
- Continue commercial sponsorship of the "Call of the Land" radio program.
- Support the implementation of the Freedom of Information and Protection of Privacy Act.

Fees and Charges:

- Further implement fees for selected departmental services, materials and programs where there is direct benefit to individual users.
- ★ Evaluate the newly-established fees for meat inspection in provincially-inspected meat processing plants, and implement increases (implementation, in part subject to federal decisions in this area).
- ★ Increase fees for milk samples analyzed for payment purposes from $5.00/month/producer unit to $8.00/month/producer unit, effective April 1, 1996.
- By March 31, 1997, assess the impact of new and increased department fees and charges, both independently, and in conjunction with the fees and charges of other organizations, and make adjustments as necessary.

Privatization, Outsourcing and Other Initiatives

- Explore, and where appropriate, develop opportunities to privatize specific services currently being provided on a fee for service basis.
- By March 31, 1997, transfer operational responsibility for Central Milk Testing to the private sector.
- ★ Negotiate the transfer of dairy plant inspection to the federal government for 1997-98, and limit farm inspections to quality and safety concerns.
- ★ By 1997-98, terminate the Agro-Forestry (Shelterbelt) Program and arrange for transition to private delivery.
- ★ Arrange to contract with the private sector for delivery of the dryland salinity investigation service by April 1, 1997.
- ★ During 1996-97, complete the arrangements to outsource some department information technology support functions.
- ★ Pending consultation with the industry, terminate the Poultry Research Chair at the University of Alberta and/or reduce poultry specialist support before the 1998-99 fiscal year.
- ★ Eliminate market development grants to companies and individuals for out-of-country travel and related expenditures, effective April 1, 1996.
- ★ Terminate the Alberta Private Irrigation Development Assistance Program, effective immediately.

Financial Plan

Department of Agriculture, Food and Rural Development
Income Statement

($000)	1994-95 Actual	1995-96 Forecast	1996-97 Projection	1997-98 Projection	1998-99 Projection
Revenue[1]	**18,861**	**10,164**	**8,663**	**7,993**	**6,663**
Expenditure					
Department Operations	91,039	85,771	82,830	81,646	80,901
Amortization	4,990	4,145	3,970	3,683	3,599
Sub-Total	**96,029**	**89,916**	**86,800**	**85,329**	**84,500**
Major Grant Funded Programs:					
Agricultural Service Boards	4,473	4,458	4,465	4,465	4,465
Red Meat Stabilization Transition	10,920	11,602	0	0	0
Specialty Crops Stabilization	1,532	1,400	1,200	0	0
NISA/Whole Farm Safety Transition	19,839	37,000	0	0	0
Farm Fuel Distribution Allowance	33,556	33,500	30,300	30,300	30,300
Crow Benefit Offset Program	24,841	0	0	0	0
Transfers to Agencies:					
Farmers' Advocate	351	403	393	393	393
Surface Rights/Land Compen. Boards	1,664	1,799	1,498	1,498	1,498
Alberta Grain Commission	203	279	222	222	222
Irrigation Council	237	314	242	242	242
Irrigation Rehab. & Expansion	18,000	17,200	17,200	17,200	17,200
Agric. Products Marketing Council	458	542	509	509	509
Alberta Dairy Control Board	645	162	139	139	139
Agricultural Research Institute	6,650	6,250	5,688	5,688	5,688
AFSC	123,800	150,502	190,395	144,166	147,503
Total Gross Expenditure	**343,198**	**355,327**	**339,051**	**290,151**	**292,659**
Net Operating Expenditure (Revenue)	**324,337**	**345,163**	**330,388**	**282,158**	**285,996**
Capital Investment	**5,050**	**3,327**	**1,789**	**927**	**927**

[1] The 1995/96 reduction in revenue primarily relates to transfers to the Revolving Fund. Subsequent reductions primarily relate to the discontinuation of specific revenue-generating products and services and the transition related to the lifetime sale of brands.

Agriculture, Food and Rural Development Revolving Fund
Income Statement

($000)	1994-95 Actual	1995-96 Forecast	1996-97 Projection	1997-98 Projection	1998-99 Projection
Revenue	0	11,699	11,876	11,776	11,950
Expenditure	0	11,228	11,800	11,539	11,324
Net Operating Expenditure (Revenue)	**0**	**(471)**	**(76)**	**(237)**	**(626)**
Capital Investment	**0**	**15**	**250**	**230**	**400**

FTE's

- Historical and projected FTE estimates are as follows:

1992-93 Actual	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Projection	1997-98 Projection	1998-99 Projection
1,819	1,668	1,571	1,520	1,483	1,435	1,398

(n.b., The FTE calculation includes FTE's for all of the agencies that report to the Minister, except FTE's for AFSC, ARI, and the Alberta Dairy Control Board. Adjustments have been made to historical figures to allow for comparability.)

Conclusion

- The size and shape of the department, its products and services, and its delivery mechanisms have changed significantly since 1992-93. We believe the department is now more focussed and better able to meet the needs of its customers, at lower cost.

- This plan continues to drive change in the department consistent with the Ministry's mission and the direction of government.

Appendix 2 Agriculture Financial Services Corporation

Business Plan 1996-97 to 1998-99

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Corporate Environment

Business Activity

This plan is developed on the basis of AFSC's core businesses, other products offered and internal initiatives to be undertaken by the organization. Objectives are defined for each activity and the expected results to be achieved by 1999 are clearly outlined. The realization of long-term goals, as outlined in the corporate directional plan, will be achieved by successfully completing this plan.

Accountability

Monitoring of results is tracked by the indicators listed for various business activities. In terms of Government Measures outlined in "Measuring Up", AFSC programs and services result in improvements in Albertan's:

- *average family income distribution*
- *per capita gross domestic product*
- *job creation*

These benefits are in addition to the efficiency and effectiveness expected of proper stewardship of public resources.

Ministry Relationship

AFSC's goals and activities contribute to Ministry goals, specifically goal 5, "*increased responsibility of industry to manage risk.*" Lending programs assist beginning farmers and developing agribusiness customers deal with financial risk through stable long-term financing and financial advice. Insurance programs are management tools to offset inherent production and income risks. As well, goals:

2 *improved industry service, quality and cost competitiveness.*
3 *increased amount of value added to industry commodities, products and services.*
4 *increased diversity of industry commodities, products and services.*

capture the essence of AFSC activities directed at new and developing agribusiness and food processors.

Outside Pressures Impacting this Plan

- A reduction in federal transfer payments.

  Changes in cost-shared social programs will negatively impact provincial budget if the same level of service is maintained. All Alberta Ministries may be asked to make up the shortfall.

- A reduction in federal program funding.

  Specific agriculture program funding is being changed. For Alberta priorities this may require a provincial allocation to maintain service or a reduction in programs or services provided.

- Provincial desire to reduce taxes and enhance the Alberta Advantage.

  Creating a business environment for new investment should result in increased economic activity. Infrastructure, taxation levels and regulatory reform are key elements. Reduced taxes may require spending reductions.

- Economic cycles and the possibility of an economic downturn.

  The reality of a resource-based economy oriented to export markets makes the province sensitive to fluctuating world market prices. Recently, a relatively low value for the $CDN and improved hydrocarbon prices resulted in provincial revenue flows being above projections. Unfortunately the opposite scenario could happen in future years and create pressure on spending.

- Need to increase research investment so that farmers and agribusiness remain globally competitive.

  Rapidly changing technology and biotechnology suggest opportunities as well as risks for the industry. This requires capital for original and adaptive research as well as demonstrations of the latest information. Making research spending a priority puts pressure on spending for other purposes.

- Implications of rescinding the Western Grain Transportation Act (WGTA).

  With support reduced for export strategies, domestic grain prices should encourage value-added processing so export products would have higher value to justify paying the additional freight costs. Capital will be necessary for increased value-added processing and alternative forms of transportation. This may impact the design of AFSC lending programs.

- Importance of rural development to economic health of Alberta economy.

  The agri-food industry is more than farming. From farmgate production, to initial processing, to transportation, to value-added processing, to the retail food shelf, agriculture is a key contributor to urban jobs and economic activity. To maintain public support for AFSC programs, AFSC needs to find ways to communicate the value of its programs and services to both rural and urban citizens.

Corporate Planning

Mission

We help customers in the agriculture and food industry fulfil their business goals by offering unique financial services.

Vision

AFSC, directed by an entrepreneurial, private-sector Board, meets the changing needs of our market through flexible, adaptive and responsive products and services.

Fundamental changes are happening in the agriculture and food industry. Unlimited opportunities in rapidly expanding global markets are being made possible by new trade agreements, use of information technology and reduced regulation and subsidization. In 10-15 years, the industry will be totally transformed. The industry requires development capital, insurance, and investors with both strong visions for their businesses and superb management abilities. We understand this changing environment and are willing to assist the industry as it moves from today to tomorrow.

AFSC pioneered the agricultural financial services concept by combining specialized lending and insurance program delivery in one-stop service centres. In the future there will be additional opportunities to optimize returns on public funds for agriculture investment and to use different program delivery arrangements, through strategic alliances and partnering with public and private sector organizations.

The benefits of encouraging the intergenerational transfer of family farms far exceed the interim cost of assistance to new entrants. As a result our beginning farmer lending sustains the farmgate production base for the industry. Enhanced production is the basis for increased value-added processing, diversification and innovative niche marketing. These opportunities demand the entrepreneurial characteristics of flexibility, adaptability and responsiveness.

Future income safety net support will change to reflect the new global marketplace. Federal/Provincial farm income safety net agreements must meet trade agreement requirements and be responsive to Alberta farmers' needs.

AFSC core products and services lead the way in assisting the industry to adopt and invest in new technology, explore new market opportunities and access different capital sources. Our financial services for new and developing farmers and agri-food businesses are vital to our customers' success and, in conjunction with our specialized insurance products, encourage the long-term financial health of Alberta's farm community.

AFSC business plans fit within the industry vision developed through Creating Tomorrow; as well, long-term goals are aligned with the Government's vision for *people, prosperity* and *preservation* in the province. The industry vision describes where the industry wants to be in the future.

Alberta's agriculture and food industry will:

- be profitable
- be globally competitive
- be environmentally sustainable
- value its people.

People, prosperity and *preservation* initiatives promote opportunities for personal growth through education/training, economic growth and the subsequent employment for Albertans, and resource sustainability resulting in family-oriented communities.

Our purpose and role is to deliver agrifinancial services on behalf of the Alberta Government, as defined in legislation, to customers who are:

a) Alberta farmers wanting to offset risk through insurance
b) Alberta farmers and food processing/agri-service firms in the early or high growth stages of business development.

Long-Term Goals by Priority

1. **To Assist Customers to be More Self-Reliant**

   Financial products and services are designed to address unique risky situations, like financial risks of startup businesses and abnormal weather occurrences. Our customers should not depend on program benefits for financial success.

2. **To Produce Results Expected From the Expenditure of Public Funds and Investment of Public Capital**

   Program outcomes will satisfy customers and other stakeholders that we are producing expected results.

3. **To Provide Long-Term Stability in the Agriculture Financial Services Marketplace**

   Either through direct or indirect delivery with the private sector, we ensure financial services are available to the agriculture and food industry. By providing unique products we fill gaps in the agriculture financial services market.

Strategies by Business Activity

All Risk Crop Insurance

Objectives:
1. *to reduce financial risk through production protection against natural perils for all crops grown in Alberta by Alberta farmers.*
2. *to maintain production neutrality.*
3. *to provide reliable, flexible production protection.*
4. *to provide a strong crop insurance program with reasonable premiums relative to coverage.*

Expected Results:	Indicators:
- Increased program participation. - More knowledgeable, self-reliant customers. - Recognition by customers of insurance as a "risk management" tool. - Reduction in the impact of natural peril-related production shortfalls. - Increased diversification of income sources.	- Acres covered and number of contracts. - Number and type of questions asked. - Provincial income variability caused by weather. - Significance of enterprise mix on provincial agriculture income.

Strategies:

- Examine ways to improve premium costs by reducing moral hazard.
- Develop and evaluate new coverage concepts, allowing customers to customize an insurance program to their business needs.
- Design alternatives to improve premium cost.
- Design program alternatives to enhance coverage levels.
- Provide electronic access for program participants.
- Promote risk management strategies as a component of successful farm business management.
- Disseminate production statistics by risk area.
- Provide timely information about program changes.
- Develop provincial capability to cover new and developing crops.
- Develop educational focus to complement selling efforts.
- Participate in national crop insurance review.

Hail Insurance

Objectives:
1. *to provide a long-term stable program to all Alberta farmers to offset the economic loss by hail damage.*
2. *provide assurance to customers that hail insurance will be available in all areas of the province on all crops in any year.*

Expected Results:	Indicators:
- Higher value crops grown in Alberta - Variability of farm cashflow is reduced - Crops produced in hail-susceptible areas - Improved relationship with other insurers.	- Changes in value and volume of speciality crops grown in Alberta. - Changes in location of speciality crop production.

Strategies:

- Provide full market value coverage option.
- Maintain open communication with other hail insurers.

Farm Income Stability Program

Objectives:
1. *farm managers look after normal income variation.*
2. *to protect against excessive and uncontrollable income reductions, not to provide income support offsetting long-term declines in margins.*

Expected Results:	Indicators:
- Program results meets participants needs. - Favourable results from any trade action. - Payments decoupled from farmer's production and marketing decisions. - Self-sustaining program. - Payments reflect normal cashflow timing.	- Results of industry consultation. - Advance World Trade Organization (WTO) ruling. - Resource allocation within agriculture. - Portion of total indemnity covered by farmer premiums.

Strategies:

- Coordinate timely, effective program development.
- Implement Farm Income Stability Program (FISP) starting January 1, 1996.
- Ensure an effective and efficient delivery of FISP.

Commercial Financial Services

Objective: *1. to assist development of value-added businesses in agri-food industry and rural areas by sourcing and placing investment, and by providing other unique financial services.*

Expected Results:	**Indicators:**
- Expanded markets for Alberta primary farm production. - Increased investment and employment in the Alberta agri-food processing industry and in rural areas. - Improved export earnings and reduced imports for the food processing industry. - More financing alternatives for Alberta-based agribusiness.	- Volume of farm production processed within Alberta. - Value of investment and employment levels in processing sector. - Value of shipments of processed food products.

Strategies:

- Encourage market-driven value-added product diversification.
- Facilitate access to capital pools for expansion-oriented farm operators and food processors.
- Develop strategic alliances to expand primary production opportunities
- Develop strategic alliances to deliver agricultural financial services.
- Utilize market expertise and investment knowledge of Commercial Financial Services group by marketing services.
- Determine impact of Commercial Financial Services on the agri-food industry in Alberta.

Beginning Farmer Program

Objectives:
1. *to help people develop viable farm businesses*
2. *to reduce and stabilize the financial risk for beginning farmers.*
3. *to facilitate intergenerational transfer of family farms.*

Expected Results:	Indicators:
- A supply of new entrants into farming. - Decreasing average age of Alberta farmers over time. - Beginning farmers that stay farming and successfully develop viable farm businesses. - More stable farm development and improved business management skills. - Decrease loan disbursement turnaround time.	- Number and age of new borrowers. - Average age of Alberta commercial farmers. - Percentage of portfolio receiving incentive that are current. - Length of time from loan application to first disbursement.

Strategies:

- Ensure business management training opportunities are available to meet customer needs.
- Tailor beginning farmer product to customer needs.
- Simplify year-end reporting for incentive customers.
- Increase industry awareness of beginning farmer loan program.
- Re-engineer loan processing.
- Evaluate and make recommendations regarding payment of beginning farmer incentives.
- Improve portfolio performance.
- Develop a graduation mechanism for beginning farmer customers after incentive period.
- Determine impact of beginning farmer funding on farm production in Alberta.

Vendor Mortgage Plan

Objectives:
1. *to provide an alternative source of long-term capital with reasonable and flexible terms*
2. *to retain vendors' capital investment in agriculture*
3. *to lower the cost of AFSC loan programs*

Expected Results:	**Indicators:**
- A supply of new entrants into farming. - Better record of loan repayments compared to direct lending program. - Lower cost to AFSC and borrower than other direct lending programs. - Beginning farmers who stay farming and successfully develop viable farm businesses.	- Comparison of portfolio performance of vendor mortgage and beginning farmer loans. - Cost of vendor mortgage administration.

Strategy:

- Improved product awareness as part of estate planning process.

Alberta Farm Development Loans

Objectives:
1. *to provide farmers credit access at reasonable cost, through commercial lenders.*
2. *to assist higher risk farmers to gain access to credit.*

Expected Results:	**Indicators:**
- Viable farms with adequate credit. - Consistent participation by banks in financing farming operations. - High level of loan repayment.	- Level of participation by private sector financial institutions. - Performance of AFDL loans compared to direct lending portfolio.

Strategy:

- Promote awareness and understanding of AFDL's to farm community.

Developing Farmer Loans and Specific Guarantee Program

Objectives: 1. *to provide access to credit for farmers who are unable to obtain credit on reasonable terms from other lenders.*
2. *to assist farmers with higher levels of financial risk to gain access to credit.*

Expected Results:	Indicators:
- Loan recipients are able to maintain and develop their farm viability.	- Length of time developing farmer loans are in portfolio.

Strategy:

- Position developing farmer and specific guarantee programs as innovative financing that fills a 'gap' in agrifinancial service marketplace.

Wildlife and Waterfowl Damage Compensation

Objective: 1. *to provide compensation to Alberta farmers for economic loss caused by wildlife and waterfowl damage.*

Expected Results:	Indicators:
- Compensating farmers for damage caused by wildlife will minimize negative reaction to government support for wildlife habitat. - Achievement of common understanding of program objectives by AFSC, Ducks Unlimited, Environment and our customers.	- Questions and comments raised about the program. - Value and number of claims paid.

Strategies:

- Review differences between policy holders and non-policy holders.
- Arrange meetings of AFRD, AFSC, Ducks Unlimited and Environment to get a better understanding of each other's programs related to wildlife.

Revenue Insurance Program

Objective: *1. to wind up program after the 1995-96 crop year, with final payments concluded by March 31, 1997.*

Expected Results:	Indicators:
- Smooth and orderly transition out of program. - Minimal customer dissatisfaction with program termination.	- Number of participants remaining in the program. - Questions and concerns raised about the program termination.

Strategies:

- Negotiate early exit option with National GRIP Committee
- Early notification of program termination.
- Develop a distribution plan for the use of program surplus.
- Finalize outstanding claims.

New Program Initiatives

Objectives: *1. develop capability to react to provincial needs in a timely manner.*
2. develop provincially sponsored initiatives.
3. avoid ad hoc responses to production and market-related problems.

Expected Results:	Indicators:
- Timely, responsive programs to support the agri-food industry in Alberta. - Timely programs focused on the needs of Alberta farmers.	- Number of requests for ad hoc response.

Strategies:

- Develop the willingness and capability to accept provincial responsibility for risk management initiatives.
- When appropriate, encourage re-insurance coverage for new insurance initiatives.
- Consider different funding options for cost-shared programming with the federal government.
- Develop coverage rates for different spot loss perils.
- Facilitate rural development working with communities and businesses, as well as AFRD and the federal government.

Internal Initiatives

Objective: *1. practice prudent fiscal responsibility*
2. improve customer service and satisfaction

Expected Results:	Indicators:
- Reduction in administrative component of total costs. - Improved internal and external customer satisfaction.	- Administration expenses as a percentage of total cost. - Annual ratings from customer service focus groups.

Strategies:

- Develop AFRD/AFSC alliance in first-stop service centres.
- Develop a system of reporting and accountability by cost centre
- Improve staff efficiency through training.
- Improve staff efficiency through empowerment.
- Reduce the net cost of administration.
- Develop recognition programs for staff cost-saving and efficiency improvements.
- Restructure the balance sheet to achieve a debt/equity ratio of 4:1 by 1998.
- Develop joint administrative functions with other agencies.
- Expand Farm Credit Corporation alliance focusing on improving customer service.
- Delegate appropriate responsibility and authority to field offices.
- Continue updating procedures relative to environmental protection legislation.
- Develop different methods for customer payments and premiums.

Other Issues

Long-Term Safety Net Agreement

There is a memorandum of understanding (MOU) governing contributions by levels of government to programs recognizing the income variability in agriculture.

Crop Insurance

As a result of the National Crop Insurance Review signing of a long-term crop insurance agreement will not be concluded before March 1997.

Bilateral Agreements

Separate agreements are negotiated for the Farm Income Stability Program (FISP), phase out of stabilization programs and transition programs.

Revenue and Expenditure Summary

Agriculture Financial Services Corporation
Provincial Share of Operating Costs Funded by the Province of Alberta

($000)	1994-95 Actual	1995-96 Forecast	1996-97 Projection	1997-98 Projection	1998-99 Projection
Crop Insurance Program	26,287	34,622	50,571	50,146	55,789
Revenue Insurance Program	56,861	3,550	250	-	-
Farm Income Stability Program	-	74,000	109,100	66,700	64,800
Wildlife Damage Program	289	1,190	1,230	1,604	1,601
Lending Programs	40,363	37,140	25,684	23,686	23,192
Disaster Assistance Program[1]	24,001	21,243	3,560	2,030	2,120
Total GRF Funding	**147,801**	**171,745**	**190,395**	**144,166**	**147,502**
Less: Recoveries by the Province	100,483	4,010			
Net Contribution by the Province	**47,318**	**167,735**	**190,395**	**144,166**	**147,502**

[1] Up to 1996-97, funding of the Disaster Assistance Program was provided by Transportation and Utilities. Figures included for 1994-95 and 1995-96 are presented for comparison.

Agriculture Financial Services Corporation
Income Statement

($000)	1994-95 Actual	1995-96 Forecast	1996-97 Projection	1997-98 Projection	1998-99 Projection
REVENUE					
Premiums	129,826	74,050	86,475	105,605	117,217
Interest	78,495	72,909	74,425	76,379	76,514
Contribution from Province	47,318	167,735	190,395	144,166	147,502
Recoverable from Crop Reinsurance, Alberta	--	--	--	--	--
Recoverable from Crop Reinsurance, Canada	--	--	--	--	--
Contribution from Gov't. of Canada	32,361	34,647	42,139	51,524	56,821
Investment Income	7,403	13,500	7,000	5,000	3,000
Amortization of Loan Discounts	3,122	6,081	1,976	2,114	603
Total Revenue	**298,525**	**368,922**	**402,410**	**384,788**	**401,657**
EXPENDITURE					
Indemnities	69,907	157,206	241,375	233,351	251,831
Interest	94,587	85,709	79,847	77,209	76,063
Hail Reinsurance	464	--	--	--	--
Reinsurance - Province	12,893	16,980	20,633	26,432	29,945
Reinsurance - Federal Government	12,893	16,980	20,632	26,432	29,945
Disaster Assistance Interest Benefits	18,652	16,500	--	--	--
Farm Loan Incentive	8,303	8,357	8,891	9,555	10,386
Administration Expense	30,705	31,104	31,722	30,749	30,271
Provision for Properties for Sale and Other Assets	(2,463)	75	--	--	--
Provision for Loans and Guarantees	5,321	1,055	4,200	4,500	4,200
Total Expenditure	251,262	333,966	407,300	408,228	432,641
NET EXPENDITURE (REVENUE)	(47,263)	(34,956)	4,890	23,440	30,984
Deficit (Surplus) at beginning of year	16,501	(30,762)	(65,718)	(60,828)	(37,388)
Deficit (Surplus) at end of year	(30,762)	(65,718)	(60,828)	(37,388)	(6,404)
Capital Investment	519	850	1,000	1,000	1,000

Appendix 3 Agricultural Research Institute

Business Plan 1996-97 to 1998-99

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Executive Summary

The agriculture and food industry is one of Alberta's economic strengths. It makes substantial contributions to the prosperity and well-being of Albertans.

The Alberta Agricultural Research Institute (ARI) is committed to coordinating and supporting research that will promote growth of the industry and increase its contribution to the province's prosperity. This document outlines ARI's plans for 1996-97 to 1998-99. In addition to this document, ARI has also submitted a proposed Value-added Processing Research Program to the Alberta Science and Research Authority.

ARI's business plan is closely linked to the Department of Agriculture, Food and Rural Development's Research Business Plan and to the overall ministry business plan. The department supports the intramural part of the Agriculture Ministry's research effort. ARI expands the Ministry's internal research capability by supporting extramural research at private sector organizations, academic institutions and government research centres through research project-based grants.

Advances in research and technology enable the industry to:

- produce high quality food products,
- create jobs,
- sustain a clean environment,
- compete globally, and
- generate wealth.

ARI was established in 1987. Its mission is to enhance the contributions of the agriculture and food industry to Albertans through research and technology transfer. This mission is consistent with and reinforces the Ministry of Agriculture, Food and Rural Development's mission.

The results of research and demonstration projects funded under ARI programs are adding wealth to the Alberta economy. Studies have shown that a dollar invested in projects supported may return up to $60 to the provincial economy.

Agricultural research has contributed immensely to making Alberta one of the leading producers of high quality farm commodities. From lean beef to high protein wheat, from nutritionally superior canola oil to choice pork, from select barley varieties to high quality oats, and from protein rich pulse crops to the finest potatoes, Alberta farm products have set global standards for excellence.

At home, Alberta led the nation in farm cash receipts for the first half of 1995. The figures suggest that, for the first time in its history, Alberta has emerged as the leading producer of primary agricultural products in the country. It was in second place, behind Ontario, since 1989. Ontario was the national leader since confederation. Effective utilization of research results and new technology played key roles in helping Alberta farmers achieve this remarkable result.

However, Alberta's potential for producing processed and value-added products remains largely untapped. To increase the contribution of the agricultural processing industry to Alberta's prosperity, ARI is proposing a new **Agricultural Value-added Processing Research Program**. The program's main purpose will be to stimulate, support and promote research into the processing, upgrading and extraction of high value products from farm commodities.

ARI is an example of the new approach to government. It is devoted to meeting its goals by facilitating greater coordination and cooperation among agencies conducting agriculture and food research. It also involves the private sector directly in priority setting and research funding decisions. The research projects funded by ARI are conducted at private sector facilities, academic institutions and government laboratories.

ARI has established a strong direction and plans to meet its expenditure target by taking a number of actions. These actions are designed to stimulate overall investment in agriculture and food research while keeping ARI's expenditure within the budget target.

ARI's business plan continues to emphasize funding projects through matching grants, while making provisions for direct funding of research projects that are in the public interest. The plan has produced impressive results. Matching contributions from outside sources have increased from $1.9 million in 1994-95 to $3.3 million in 1995-96. This represents an increase of 73.6%.

Administrative costs will be further reduced and operations will continue to be streamlined. Adjustments will be made in programs. The Research Professorship Program and the Scientific Conference Assistance Program will be discontinued in 1996-97. Funding under the National Agricultural Biotechnology Initiative (NABI) will continue to be managed as part of the Matching Grants Program until projects already approved are completed.

Efforts will continue to promote agriculture and food research capabilities within the province and ARI programs to private sector users of research results. The aim is to further expand the private sector's involvement in research and encourage the practical application of research advances so that Alberta producers and processors will remain globally competitive.

Introduction

The Alberta Government has classified its functions into three core businesses: **PEOPLE** ... **PROSPERITY** ... and **PRESERVATION**.

PEOPLE ... helping people to be self-reliant, capable and caring through education, a healthy society and accessible health care, and basic social services.

PROSPERITY ... Promoting prosperity for Alberta through a dynamic environment for growth in business, industry and jobs; a highly skilled and productive workforce; an effective and affordable government; an efficient infrastructure; new ideas, innovation and research.

PRESERVATION ... Preserving the Alberta tradition of strong communities, a safe and just society, a clean environment, pride in Alberta and strength within Canada, strong values and culture.

ARI's primary duties fall under the core business of promoting **PROSPERITY**. This business plan outlines how ARI will contribute to the prosperity of the agriculture and food industry and the province as a whole during the 1996-97 to 1998-99 period. ARI's business plan has two parts. Part I, which is the current document, is the main plan. Part II, under a separate cover, provides detailed information on the proposed agricultural value-added processing research program.

The agriculture and food industry is a vital segment of the Alberta economy. The annual value of economic activity generated by primary agricultural production and value-added processing exceeds $10 billion.

Research and technical innovations have proven to be important vehicles for improving productivity and prosperity in the agriculture and food industry. ARI's actions and decisions focus on supporting new ideas, innovation and research to promote a more prosperous and sustainable agriculture and food industry.

ARI also has a role in the other two core businesses of the Alberta Government - **PEOPLE** and **PRESERVATION**. The people of Alberta benefit from the abundant supply of high quality, safe and nutritious food products made possible by advances in scientific research. The results of scientific research also enable the agriculture and food industry to properly manage, conserve and preserve land and water resources and maintain the picturesque beauty of the Alberta landscape.

Alberta's agriculture and food industry is one of the most productive in the world. Its output far exceeds domestic demand and large quantities are exported around the globe.

High capability and efficiency in primary production has enabled the industry to create jobs and generate wealth for Albertans. Significant potential exists for growth in the processing and value-added sector. ARI is proposing a new research funding program to stimulate the development of new scientific information, new technology and new products that will enhance the contribution of the processing industry to Alberta's prosperity.

Looking ahead, the industry has considerable potential for building on the "Alberta Advantage" and contributing to growth. It is indeed one of the province's economic strengths.

ARI is dedicated to supporting high priority research that will lead to the development of new information and leading edge technology for the agriculture and food industry. The new global economy is based on knowledge and information. Research and innovation are key requirements to participate effectively in the new economy. The application of technical innovations can help the industry to remain globally competitive, financially profitable and environmentally sustainable.

ARI is closely aligned with the new approach to government. It serves as a coordinating body for agriculture and food research. Members of both the private and public sectors serve on the ARI Board. The research and demonstration projects ARI supports are selected by committees that consist of scientists and individuals engaged in the production or processing of agricultural commodities. Approved projects are conducted at private sector research facilities, academic institutions and government research centres.

This business plan outlines the actions ARI will take to carry out its mandate over the next three years. It specifies how ARI will use the resources at its disposal to contribute to the building of a competitive, sustainable, self-reliant and market-driven agriculture and food industry.

Mandate

ARI is a provincial corporation. It was created in 1987 and derives its authority from the Alberta Agricultural Research Institute Act (1987). The Act specifies the following purposes for ARI. The Institute may:

a. coordinate, conduct, participate in, promote and support research in agriculture;

b. compile, assess and disseminate information relating to research in agriculture and information on technology related to agriculture;

c. fund in whole or in part research professorships or chairs established for a purpose consistent with the purposes of the Institute; and

d. assist in providing research equipment and research facilities.

The Act also assigned the following responsibilities to ARI:

> It shall, at the request of the Minister, advise the Minister on questions of scientific and technological methods affecting agriculture, and it shall supervise matters related to agriculture assigned to it by the Minister.

Overall Strategic Direction

In keeping with its mandate, ARI's overall strategic direction is to:

- strengthen the agriculture and food research network in Alberta through coordination,
- fund research with the greatest potential benefit to Albertans in partnership with the private and public sectors, and
- manage ARI's resources efficiently and effectively.

Mission, Goals, Strategies, Programs and Key Results

ARI's mission is to enhance the contributions of the agriculture and food industry to Albertans through research and technology transfer. This mission is consistent with the mission of the Ministry of Agriculture, Food and Rural Development. Research is important to the achievement of all Ministry goals. ARI effectively contributes to that pursuit.

To achieve its mission, ARI has established the following specific goals. Under each goal, strategies, programs or actions, key results and indicators have been outlined.

1. Maximize the effectiveness of investment in research by strengthening coordination, partnerships and cooperation.

   1.1 Strategies

   a. Provide a forum for agriculture and food research coordination and cooperation.

b. Examine future options, formulate visions and set long-term directions to stay on the leading edge of agriculture and food research.

1.2 Programs to Implement the Strategies

a. **Focus on Research Opportunities Program** - The purpose of this program is to explore opportunities for improving primary and processed products and resource use through further scientific research. The program involves a cyclical series of workshops where research-related issues, including market opportunities, research needs and priorities are examined on a commodity-by-commodity or discipline basis. The program also serves as a vehicle for research coordination. Appropriate participants are invited from the private sector, academic institutions and government research centres for each review.

b. **Research Coordination Program** - The purpose of the Research Coordination Program is to enhance coordination and cooperation among agriculture and food researchers. Successful applicants receive financial assistance primarily to cover the costs of joint planning meetings, data exchanges and related activities needed to strengthen coordination.

1.3 Key Results and Indicators

a. Effective coordination and cooperation in agriculture and food research.
Indicators
- Number of collaborative research projects.
- Response to surveys of researchers who participated in Focus on Research Opportunities Program meetings regarding collaboration, cooperation and joint projects.

b. High returns to the provincial economy from research.
Indicator
- Strong positive returns to the economy shown by periodic evaluation of programs.

2. Improve industry competitiveness, profitability and sustainability by promoting and funding agriculture and food research.

2.1 Strategies

a. Attract creative ideas and research proposals for improving Alberta's agriculture and food industry from the widest possible source, including the private sector, academic institutions and public sector organizations.

b. Select and fund the research proposals that offer the greatest potential economic and environmental benefits to Albertans.

c. Encourage greater private sector support for research.

d. Strengthen research in value-added processing, diversification and strategic technologies in cooperation with partners.

e. Continue marketing efforts to promote ARI programs and the capabilities of agriculture and food research organizations in Alberta.

f. Target funds under the Farming for the Future Direct Funding Program to areas of broader public interest and environmental sustainability.

g. Propose a new initiative for an expanded agricultural value-added processing research effort.

2.2 Programs to Implement the Strategies

a. **Farming for the Future Matching Grants Program** - The purpose of the Farming for the Future Matching Grants Program is to build partnerships and alliances, primarily with the private sector, and expand support for research. Under this program, ARI funds approved research projects on a 50:50 basis with the private sector and other eligible sources. Conventional research as well as investigations relating to strategic technologies (such as biotechnology, electronics and advanced materials) that have applications in the agriculture and food industry can be supported.

b. **Farming for the Future Direct Funding Program** - The purpose of this program is to provide direct funding for research projects that meet the eligibility criteria. This program supports research in the public domain. The results of the research will generally be available to all Albertans. Conventional research and investigations relating to strategic technologies (such as biotechnology, electronics and advanced materials) that have applications in the agriculture and food industry can be eligible for

support. To qualify for direct funding, the specific research proposal must fall within the public domain.

c. **Research Professorship Program** - The purpose of the Research Professorship Program is to raise the research priority of selected target disciplines of importance to Alberta's agriculture and food sector and intensify the scientific effort directed to them. Professorships are currently supported in the following four areas: Soil Conservation, Food Packaging, Marketing of Value-Added and Agricultural Products, and Animal Welfare and Ethology. This program will have completed its mandate during this business plan period and will be phased out as the term of the agreement for each professorship expires. The annual budget for this program has remained at $240,000 since its creation in 1990.

d. **National Agricultural Biotechnology Initiative** - The National Agricultural Biotechnology Initiative is a program established by the federal government as part of Western Economic Diversification. Its purpose is to support the development and commercialization of agricultural biotechnology. Projects are eligible after a genetically engineered plant, animal or other organism has shown characteristics that are potentially marketable or the new biotechnological method has been successful.

   Approved projects are supported jointly by the company that wishes to commercialize the product, one or more of the four western provinces that find the project of benefit to them and the federal Department of Western Economic Diversification. ARI participates in funding projects of particular interest to Alberta. This program is not included in the recent restructuring of the Department of Western Economic Diversification. Existing projects will be supported until completed but new projects will not be funded.

e. **Beef Industry Development Fund - Research Component -** This is a national beef research funding program financed by the Canadian beef industry. ARI was selected by the Steering Committee of the Beef Industry Development Fund to manage the research component of the Fund. Research will be supported in targeted areas that will benefit the beef industry. Researchers from across Canada who have capability to conduct beef research are eligible to submit proposals. The program will start funding projects in 1995-96 and will be completed in 1999.

f. **Externally Funded Research Program** - Under this program, ARI administers research funds received from private sector organizations or public sector funding agencies for specified research projects. The projects are conducted by the staff of Alberta Agriculture, Food and Rural Development. This program serves as part of ARI's thrust to strengthen cooperation, partnerships and alliances with the private sector and the Department of Agriculture, Food and Rural Development.

g. **Proposed Agricultural Value-added Processing Research Program** - This is a new proposal that will be submitted to the Science and Research Authority for funding consideration. What is being proposed is a research funding program to provide a coordinated and effective research base for the processing industry. The program's purposes are to stimulate, support and promote research into the processing and upgrading of farm commodities into value-added products. The program will also support research into the extraction of high value components that can be used as ingredients in food and non-food products such as pharmaceuticals, cosmetics and industrial enzymes. As well, research relating to the redesigning of primary farm commodities for targeted higher value end uses will also be eligible for support. The program will have two components: a scientific manpower component and a research and technology transfer project funding component. If approved, the program will be implemented in 1996-97.

2.3 Key Results and Indicators

a. New scientific information generated in priority areas.
Indicator
- Comparison of results achieved from projects to research priorities.

b. Contributions to making agriculture more environmentally sustainable.
Indicator
- Identification of project results that enhance environmental sustainability.

c. High returns to the provincial economy from research funded under ARI.
Indicator
- Attractive returns to the economy shown by periodic evaluation of programs.

3. Encourage the application of research results.

3.1 Strategy

a. Provide the results of research to agriculture, food and rural development specialists, as well as to producers, processors, consumers and others through reports, articles, publications, conferences and by electronic means.

b. Support demonstration projects.

3.2 Programs To Implement the Strategies

a. **Information Dissemination Program** - The purpose of this program is to distribute the results of ARI-supported projects to department specialists, producers, processors and all others interested. The information is distributed through project reports, articles, publications, conferences and by electronic means. The annual budget for information dissemination activities is $40,000.

b. **Scientific Conference Assistance Program** - The Scientific Conference Assistance Program provides limited financial assistance for scientific conferences. Eligible conferences are those that facilitate the presentation and transfer of research results to producers and processors. This program will be discontinued during this plan period due to budget limitations. The annual budget for this program is $15,000.

c. **Farming for the Future On-Farm Demonstration Program** - The On-Farm Demonstration Program provides financial assistance for projects that demonstrate proven technology to potential users. Under this program, farmers or private sector cooperators, staff from the Department of Agriculture, Food and Rural Development and/or researchers work together to demonstrate the application of new technology. Cooperators provide their land, labour, machinery, or support in cash or in-kind for joint projects.

3.3 Key Results and Indicators

a. Dissemination of new research results to industry.
<u>Indicators</u>
- All project reports made available to appropriate specialists.

- All abstracts of project reports placed on AGRIS computerized database.
- Research results presented at appropriate conferences/meetings.

b. Contributions to making agriculture more environmentally sustainable.
Indicator
- Identification of project results that enhance environmental sustainability.

c. High returns to the provincial economy from research and demonstration projects.
Indicators
- Significant returns to the economy shown by periodic evaluation of programs.

Operations

ARI is governed by a Board of Directors. The Board members are appointed by the Minister of Agriculture, Food and Rural Development as designated in the ARI Act. The majority of the directors are from the private sector. The remainder are from universities and government agencies. A yearly rotation cycle has been established to renew the Board membership in an orderly fashion.

The Research Division of Agriculture, Food and Rural Development provides administrative support to ARI. ARI employs administrative support staff. The managerial, professional and some support staff, as well as office space and equipment are provided by the department. ARI, in turn, supplies department staff with the results generated in the projects funded. This is done to facilitate technology transfer. ARI and the department work very cooperatively, reinforcing and complementing each others activities.

Technical Areas Under Which Projects are Funded

ARI's project funding system has two dimensions:

1. Research projects funded cover the production, processing and marketing of agriculture and food products.

2. The area supported ranges from basic research at university or government laboratories to demonstration projects conducted on farms across Alberta.

Research projects are supported under both the Matching and Direct Funding Programs. Support for building cooperation among researchers is provided through the Research Coordination Program. Demonstration projects are funded under the On-Farm Demonstration Program.

To help guide its scientific, technical and project evaluation functions, the ARI Board has established advisory comittees. They consist of a strategic committee, 6 research committees and 5 on-farm demonstration regional review committees.

Strategic Committee:

The purpose of the Strategic Committee is to advise the Board on priorities, programs and strategic direction by assessing broad issues, trends and emerging global opportunities for the agriculture and food industry.

The Strategic Committee is chaired by a private sector member of the Board. The committee members consist of ARI directors, individuals appointed from the private sector and representatives of the research community.

Research Committees:

ARI has 6 research committees. The purpose of the research committees is to assess research grant applications relating to the areas assigned to them and submit recommendations to the Board. Two of the committees evaluate research proposals in the animal production, processing and marketing areas and two committees provide similar functions for the crop sector. The remaining two research committees deal with research proposals involving disciplines or resources that have industry-wide applications.

The committee names and the technical areas they cover are:

- Beef and Dairy
- Forages, Pulses, Vegetables and Other Crops
- Pork, Poultry, Sheep and Other Livestock
- Cereals and Oilseeds
- Policy, Economics and Marketing
- Resource Conservation

Each committee is chaired by a private sector member of the Board. The committee members consist of ARI directors, knowledgeable individuals appointed from industry and representatives of universities and government research centres. The majority of the members are from the private sector.

On-Farm Demonstration Program Regional Review Committees:

There are five On-Farm Demonstration Regional Review Committees. The purpose of these committees is to evaluate demonstration and adaptive research proposals and submit recommendations to ARI. They operate out of Alberta Agriculture, Food and Rural Development regional offices located in Fairview, Barrhead, Vermilion, Red Deer and Lethbridge.

The On-Farm Demonstration Program directly links ARI to the technology transfer functions of the department. It also brings research results from laboratories and research plots to farms across the province.

To further strengthen the linkage between ARI and the department, each On-Farm Demonstration Regional Review Committee is chaired by the respective regional director of Alberta Agriculture, Food and Rural Development. Department specialists also serve on the committees. However, the majority of the committee members are appointed from industry.

Service Delivery

ARI uses the competitive grant approach for funding projects. This system allows ARI to attract creative ideas and innovative research proposals from the widest possible sources, including the private sector, academic institutions and government research organizations. Existing capital facilities and expertise can be used at minimal added cost to carry out the approved projects. Approved projects are funded either through grants or are internally administered by ARI.

ARI will continue to maintain its strong link with the Department of Agriculture, Food and Rural Development and rely on the Research Division for administrative support. Maintaining this close and unique arrangement will continue to be of mutual benefits to both organizations.

Evaluation Process

ARI's evaluation procedure involves two stages - proposal evaluation and program evaluation. The Institute's research and demonstration committees discussed above evaluate the project proposals. They conduct reviews and assess the potential benefit of the proposals.

Research proposals are submitted by November 1st each year. This allows time for a structured evaluation of the proposals over a two-month period. After evaluating the submissions, each of the committees will forward their recommendations to the ARI

Board for review and final approval. The Board meets in February to make final project selections. All approved projects are then awarded funds on a fiscal year basis beginning each April.

Funding decisions under the On-Farm Demonstration Program go through a slightly different process. Applications must be submitted by agricultural producers or producer organizations to a regional committee. The committees assess the need for the proposal and the potential benefit of the proposal in their regions. Committee recommendations are submitted to ARI for final consideration.

Program evaluations are conducted somewhat differently from project evaluations. ARI periodically retains outside consultants to evaluate programs. The effectiveness of Farming for the Future research and demonstration programs was reviewed in 1992. ARI hired Serecon, an Edmonton management consulting firm, to conduct economic analyses of ten research projects and ten on-farm demonstration projects. The firm estimated a direct economic return to the Alberta economy of $455.6 million over the next 15 years from these 20 projects. The amount invested in the 20 projects was $7.24 million. The Serecon study suggests that every dollar invested in these projects will yield over $60 dollars to the provincial economy.

By the time the evaluation was done, over 1,500 projects had been supported under Farming for the Future at a total cost of nearly $65 million. The evaluation revealed that the returns from these 20 projects will repay the entire cost of the program several times over.

The Strategic Committee of ARI also has a role in program evaluation. The committee reviews the effectiveness and direction of programs and recommends changes where necessary. If required, the ARI Board can also strike ad hoc committees to evaluate programs.

Coordination of Research

One of the most important responsibilities of the ARI Board is to coordinate research. Many of the Board's efforts will be undertaken specifically in response to the goal of greater coordination and collaboration.

Coordination starts with the Board's membership structure. The structure is designed to assist with the process of promoting and coordinating agricultural research. For instance, having leaders of the province's major agricultural research organizations on the Board enhances agricultural research coordination among those groups. Agriculture and Agri-Food Canada, the University of Alberta, the University of Calgary, Alberta Advanced Education and the Western College of Veterinary Medicine are represented on the

Board. Producers and processors are also represented on the Board and provide the users' perspective.

The Board periodically tours the major agricultural research facilities in Alberta. The tours and the discussions held with researchers from various institutions provide information needed by Board members to assess the existing level of coordination and to identify areas that require improvement.

Under the Focus on Opportunities Program, ARI organizes formal reviews of ongoing research programs in Alberta as a way of encouraging coordination. The research workshops are undertaken by commodity and discipline areas, with the intention that all major commodity areas will undergo a review every three years. Participants typically include representatives of private sector research firms, academic institutions, producer organizations, processors, marketing companies and government research agencies. The exchange of research information during the workshops is expected to strengthen cooperation and coordination of scientific efforts among agricultural researchers in the province.

Further, ARI has established a Research Coordination Program. The program is designed to provide scientists involved in agriculture and food research with financial support in order to promote research coordination. Through the program, networking, cooperation and exchange of information among researchers is promoted.

Human Resources

ARI's functions are centred on encouraging new ideas, innovation and scientific advances. By supporting the creative talents of Alberta's agriculture and food researchers, ARI is underscoring the value of people and ideas to the agriculture and food industry.

The human resources available to ARI have a range of training, skills and experience. The talent and commitment of the Board, committee members and staff enable ARI to meet its goals.

Board and committee members are selected on the basis of knowledge, expertise and experience in the agri-food industry. They are not employees of ARI but they provide invaluable services to ARI as external participants in its activities. Private sector members of the Board and committees are paid modest honoraria to partially compensate them for the time spent on ARI business.

A very important part of ARI's human resources is the staff available to it. These include those employed by ARI itself as well as those generously shared with ARI by Agriculture, Food and Rural Development.

ARI employs seven administrative support staff. Managerial and professional services are provided by employees of Agriculture, Food and Rural Development's Research Division. The ARI support staff perform the necessary computer operations, accounting, administrative and secretarial work. The staff also administers awards for some researchers, which increases the work involved.

ARI's Research Division staff have capabilities in a range of areas and are well qualified to effectively carry out ARI's mandate. More specifically, ARI has staff with:

- scientific and technical knowledge in agriculture and food,
- research program management skills,
- financial management and accounting skills,
- technical and non-technical writing skills, and
- secretarial, word processing, computer operations and file management skills.

ARI's recruitment policy takes into account ARI's skill needs and is based on hiring the best qualified and most capable individual for the position. Opportunities for training, skill development and job enrichment are provided to all staff.

ARI currently has the human resources required to implement its business plan.

Performance Measures

Internal efficiency and productivity are highly valued by ARI. Its staff are well qualified for their duties and perform their functions exceptionally well. Their productivity will continue to be measured through staff performance appraisals and through overall indicators of ARI's effectiveness.

The effectiveness of ARI hinges on the quality of the recommendations submitted by the committees and directions given by the Board. ARI will use the following criteria as indicators of internal efficiency and productivity:

- the efficiency with which the process of collecting, reviewing and funding projects by ARI is accomplished, and
- the effectiveness with which research results are released to potential users, either through publications or the electronic media.

Financial Plan

The following table shows the revenue and expenditure summaries of ARI.

Agricultural Research Institute
Revenue and Expenditure Summary

($000)	1994-95 Actual	1995-96 Forecast	1996-97 Projection	1997-98 Projection	1998-99 Projection
Revenue:					
Provincial Funding	6,650	6,250	5,688	5,688	5,688
Earned Revenue[1]	186	200	185	160	145
Contracts[2]	886	1,154	1,608	1,532	1,332
Miscellaneous	59	274	--	--	--
Total Revenue	**7,781**	**7,878**	**7,481**	**7,380**	**7,165**
Expenditure:					
Research:					
Farming For the Future					
- Matching Grants	1,806	3,614	3,515	3,424	3,289
- Direct Funding	3,539	2,111	1,500	1,500	1,500
Other Programs	713	501	125	25	45
Technology Transfer:					
Farming for the Future					
- On-Farm Demonstrations	568	600	600	600	600
Research Information	38	40	40	40	40
Administration	360	415	400	400	400
Pension Liability	--	25	25	25	25
Contracts[2]	886	1,186	1,608	1,532	1,332
Total Expenditure	**7,910**	**8,492**	**7,813**	**7,546**	**7,231**
Net Expenditure[3]	**129**	**614**	**332**	**166**	**66**
Unexpended Funds at Beginning of Year	1,476	1,348	734	402	236
Unexpended Funds at End of Year	1,348	734	402	236	170

1 Earned Revenue = interest and fees earned.
2 External funds are received from sponsors for specific research. Expenditures are made according to each contract with the sponsor. Revenue equals expenditure and unused funds are returned to the sponsor. Royalty revenue is committed to its program expense according to an agreement.
3 Unexpended funds are applied to deficiency of revenue over expenditure.

To keep the ARI strategic direction and actions consistent with the financial resources available, the following adjustments will be made during the current plan period:

- The reserve funds will continue to be expended.

- Funding of four research professorships will be discontinued.
- The Scientific Conference Assistance Program will be discontinued.
- Co-funding of the National Agricultural Biotechnology Initiative (NABI) projects will be discontinued as projects are completed.

The significantly increased number of matching grants projects has increased the workload on staff. A reduction in direct funding has also substantially increased competition among researchers for limited funds available for proposals that fall in the public domain.

Implementation Plan

ARI's strategic direction will be implemented in a manner that will protect its core services and keep its expenditures within the resources available to it.

ARI's commitment to research coordination will be maintained. The two programs that have the strongest impact on coordination and cooperation, the Focus on Research Opportunities Program and the Research Coordination Program, will remain intact.

Efforts will continue to encourage private sector support for research. This was started in 1994-95 by increasing ARI's matching contributions and continued in 1995-96.

The marketing effort launched to increase the private sector's awareness of ARI's programs and services for private-sector-supported research will continue. Since ARI funds research in private research facilities, universities and government research centres, industry can have access to the expertise and facilities available at these organizations. The research organizations can also benefit from the increased joint funding of research projects. Collaborations, partnerships and alliances will be encouraged through mutually beneficial relationships.

The Research Professorship Program will complete its mandate during the plan period. The Scientific Conference Assistance Program will be discontinued in 1996-97.

Internal efficiency and productivity will continue to be emphasized. Administrative procedures will be further reviewed for possible streamlining, elimination or replacement with more efficient practices. Care will be exercised to ensure that streamlining administrative functions will not jeopardize ARI's purpose of expanding partnerships with the private sector.

Funding participation under the National Agricultural Biotechnology Initiative (NABI) will continue under the Farming for the Future Matching Grants Program until projects already approved are completed.

Appendix 4 Alberta Dairy Control Board

Business Plan 1996-97 to 1998-99

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Executive Summary

The Dairy Board Act sets out the regulatory powers of the board to: "control and regulate the sale of milk in Alberta."

Alberta has 1,140 dairy producers. The gross value of raw milk is $300 million annually. The dairy industry has a positive impact on the service industry. The sale of dairy animals contribute 8-10 percent of the overall Alberta beef industry. Alberta has 20 processing plants, owned and operated by 11 companies. The wholesale value of processed dairy products totals $600 million, more than double the value of raw milk.

Board revenue is received as follows: 50% by producers, 25% by processors and 25% in the form of an Alberta Government grant.

Alberta is a member of the National Milk Marketing Plan and is represented at the Canadian Milk Supply Management Committee meetings by the Board Chairman and two industry representatives. Currently, Alberta is the third largest dairy province, currently holding 6.5% of the Canadian industrial milk quota. This represents a shortfall of production potential compared to our population.

Interprovincial trade barriers between Saskatchewan, Alberta and British Columbia have been removed. Alberta-processed fluid milk is being sold in British Columbia and Saskatchewan. The Board has been instrumental in facilitating interprovincial trade.

Other organizations rely on the Board's audit function to verify data accuracy. The audit function also ensures accurate producer payment. Agencies such as Statistics Canada and the Canadian Dairy Commission use information provided by the Dairy Board, eliminating duplication and improving information-gathering efficiency.

A Provincial Milk Equalization payment system is operated by the Board. This procedure depends on a high level of cooperation between processors and the Board. Very tight time lines are maintained to equalize $25 million in monthly payments between processors who in turn make payments to producers.

The Board provides the registry for all quota records in Alberta. The Board administers quota transfers that often involve lender security; assignment of producers to specific processors for payment; and collection of levies as the agent for the Canadian Dairy Commission.

Producer and processors also benefit from management extension services offered by Board staff.

Foundation

Mandate

Ensure an adequate supply of safe quality dairy products are available to consumers at reasonable prices by ensuring that policies and services support a profitable, competitive market-driven Alberta dairy industry.

Roles and Responsibilities

The Alberta Dairy Control Board is in the business of agriculture and food industry development. Orderly application of matching production to consumer demand ensures a stable market and stable price. The board acts as the industry referee by providing an appeal mechanism for producers, processors, consumers and government. Development of policies in consultation with industry fosters a competitive market-driven dairy industry and encourages value-added processing in Alberta.

Dairy farmers, processors, consumers, lending institutions, milk haulers, distributors, food retailers, provincial government departments, federal government departments and agencies, and educational research institutions are clients of the Board.

Industry Needs and Opportunities

Alberta processors process 100 percent of the raw milk and cream produced in the province. The farm gate value is $300 million - the wholesale value of processed dairy products exceeds $600 million. Competitive forces within Canada challenge the industry to process products that are in higher consumer demand. Alberta has many natural advantages for expanded production and value-added processing.

Alberta producers are among the most efficient in Canada. Average herd size and production per cow is nearly the highest in the country, comparable only with British Columbia.

Alberta has a disproportionately smaller share of the National quota for industrial milk compared to our population. Moderate growth opportunities exist if we are successful in negotiating more market share quota for Alberta producers.

Processor efficiency suffers from lack of scale and increased distribution cost in comparison to Ontario and Quebec processors. We must encourage increased plant through-put and ensure processing and distribution costs are not unnecessarily increased by demands of government.

Producers benefit from an independent agency that has access to client-confidential records to ensure accurate and timely payment.

The Board will continue to strive to simplify the quota administration and reduce cost to industry.

Additional market opportunities exist for producers and processors. Increased market access has been negotiated under GATT. An Optional Export Program is now available for producers and processors without the constraints of the quota system. A system of pooling special class market returns will replace the majority of the levy system.

Programs and Services

The Dairy Control Board acts as the industry referee. Alberta is unique in Canada in that we have an operating structure that brings producers and processors together on a routine basis to discuss industry issues and make recommendations to the Dairy Control Board. By performing this role, we will minimize the conflict and turmoil experienced in other provinces.

The Board provides an appropriate appeal mechanism for producers, processors, consumers and government. With strong enabling legislation, the Board can provide services which limits unnecessary legal costs and court challenges.

Interprovincial trade is important to Alberta. The Board must assist in facilitating complete removal of all interprovincial trade barriers for milk and milk products.

To ensure accurate producer returns processor records are audited. Board staff provide technical assistance to producers and processors on payment procedures. In addition, the Board offers liaison with the Canadian Dairy Commission respecting payment, special class pooling and levy deductions.

A market-responsive dairy industry will be competitive. Deregulation that stimulates a more competitive market-driven industry while providing an orderly transition period is a goal. The deregulation process must continue. Change can be managed to prevent short-term economic disruptions.

The Board provides service to the industry by calculating producer payment through a price equalization pool.

The Board sets the farm gate price of industrial milk. In addition the Board administers the producer price and the wholesale price of milk as set by the Energy and Utilities Board under authority of the Dairy Board Act.

Milk allocation to processors to achieve the highest possible producer returns from the highest value-added processing is a Board responsibility.

The Board is responsible for issuing fluid quota (liquid milk) and market share quota (industrial) to producers. As part of the service the Board maintains a registry of licensed producers, quota allotments, security documents on behalf of producers and lenders, collects data and supplies statistics to the Canadian Dairy Commission, Statistics Canada, Alberta government agencies and the dairy industry.

Regional pooling, quota movement and administration is a long-term goal.

Measurable Results

Industry referee - all issues are addressed immediately, with courtesy and with widest possible input to arrive at a fair and reasonable resolution.

Appeal board - all appeals are received in writing and are reviewed by the Board at the earliest date the information is available. Personal appearances before the Board are available.

Interprovincial trade - all restrictions on the movement of milk or milk products out of Alberta have been removed. Processors pay the appropriate Alberta class price. Any processor who wants to move product in or out of Alberta receives complete cooperation providing accurate accounting for the product is maintained. Regional pooling, quota movement and administration is a long-term goal.

Audit - processor and producer records are examined in sufficient detail and any necessary adjustments are made to achieve accurate payment.

Deregulation - opportunities to further deregulate aspects of the dairy industry will be pursued. Preparing the industry for more global trade requires simplification of regulations.

Producer payment - all producers are accurately paid.

Milk pricing - adjustments are made to the price of industrial milk to provide adequate producer return and keep the Alberta further processing industry competitive.

Milk allocation - the cascading demand principle be implemented in a manner that generates the highest possible producer returns.

Quota administration - respond to market demand by allotting quota in sufficient quantities to bring about an adequate supply of fresh milk to meet consumer demand.

Operations

The Board is composed of five members appointed by the Lieutenant-Governor-in-Council. A Policy Committee, made up of key industry and government personnel, provides advice to the Board on policy issues.

Alberta is a member of the National Milk Marketing Plan; the Chairman of the Dairy Control Board is one signatory. Through the Canadian Milk Supply Management Committee, the Board provides input to the Canadian Dairy Commission on policy matters affecting the Alberta dairy industry.

An administrative staff complement of 10 is employed to carry out Board policies and procedures. Staff expertise includes an auditor, business analyst, quota systems personnel, key punch and administrative support. In-house computer capability that maintains quota, and shipment data, and receives and disperses electronic data with outside agencies with Internet capabilities, will meet industry needs for several years.

Financial Plan

Alberta Dairy Control Board
Revenue and Expenditure Summary

($000)	1994-95 Actual[1]	1995-96 Forecast	1996-97 Projection	1997-98 Projection	1998-99 Projection
Revenue:					
Provincial Funding	171	162	139	139	139
Producer Assessments	422	417	408	408	408
Processor Assessments	210	209	203	203	203
Total Revenue	803	788	750	750	750
Expenditure:					
Dairy Board Operations	751	744	750	750	750
Total Expenditure	751	744	750	750	750
Net Expenditure (Surplus)	(52)	(44)	0	0	0

[1] 1994-95 figures have been restated on a comparable basis.

Implementation, Action or Work Plans

The Board must maintain an impartial, open approach that permits producers, processors, consumers and government to have issues reviewed and resolved in a cost-effective manner.

Policies that encourage and capture growth opportunities must be developed. Maintaining and increasing production and value-added processing is a priority. Assist organizations who are seeking markets beyond provincial boundaries.

Information gathering and data transfer must be accurate and timely. Statistics Canada, Agriculture Canada, Canadian Dairy Commission and Alberta Agriculture, Food and Rural Development depend on the integrity of the Board's data. Audit procedures are necessary to verify data for statistical uses as well as accurate producer payment.

The deregulation process must continue to promote a competitive market-driven dairy industry. Short-term industry and price stability must not be sacrificed for the sake of deregulation and change. Supply management has proven to be an effective tool in ensuring consumers receive a quality product on a continual basis at stable prices. Industry investment in production and processing facilities is indicative of the stability brought about by supply management.

Deregulation and Regulation rewrite is a short-term goal. Simplification of administrative procedures continues to be a priority.

The Dairy Control Board is currently 75% industry-financed. Complete self-sufficiency is a reasonable longer-term goal providing appropriate enabling legislation is in place. Consistency in terms of cost-recovery compared to other agriculture sectors is a reasonable goal.

Calculation of producer payment through a price equalization pool is a key function of the Board. It is a reasonable goal to create a regional or western Canadian system.

Alberta is in a position to provide proactive leadership to the western Canadian dairy industry. Managing change is essential. Using the existing resources and expertise, the Board can service the needs of producers, processors, consumers and government in meeting future challenges.

A short-term project aimed at bringing illegal milk producers and processors within the law is a priority. This will be a joint venture with the Canadian Dairy Commission.

Appendix 5 Farmers' Advocate and Farm Implement Act Administration

Business Plan 1996-97 to 1998-99

Executive Summary

It is important that those involved in agriculture be offered every opportunity to avail themselves of the Alberta Advantage.

The office of the Farmers' Advocate will continue to act as an independent source of information and provide mediation covering all concerns raised by rural Albertans relating to agriculture or outside influences affecting their property.

Efforts are ongoing to harmonize the Farm Implement Act with those in Saskatchewan and Manitoba as well as keeping the Act and regulations modern and up-to-date.

This office will continue to liaise with all stakeholder groups including Provincial and Municipal Governments to assure that those involved in agriculture have access to the information necessary to improve their competitive advantage.

Introduction

The agriculture industry in Alberta finds itself immersed in a rapidly changing world. The rural community has to adapt to new methods of doing business in a fiercely competitive marketplace. Information and technology changes occur daily. The traditional role of government is also changing. All these factors place pressure on farmers, ranchers, and landowners in rural Alberta. Growth in Alberta's agriculture sector is also expected to continue to expand well into the 21st century. It follows that increased demand will be made on the Office of the Farmers' Advocate.

The Farmers' Advocate supports all the Ministry goals, identifying more closely with goals #2, #4 and #6. Through the administration of the Farm Implement Act and its related regulations, Ministry goals # 2 and #4 are met by working with industry and farmers to improve industry service, quality and cost of competitiveness together with increasing the diversity of industry commodities, products and services. Utmost effort is made to keep both new and old machinery working longer and more efficiently, as well

as supplying information on the latest trends and practices in agriculture. In addition, the Farmers' Advocate Office is attempting to fulfill goal #6 by providing input to stakeholder groups and individual farmers on issues that will improve the stewardship of natural resources for agriculture, industry and public benefit. Some of these issues involve surface disturbance and subsequent reclamation of well sites, pipelines, abandoned railways, gravel sites and roadways.

Nature of the Farmers' Advocate

From the time of its inception some 20 years ago, the Farmers' Advocate has fulfilled a promise made by the provincial government to provide information on topics of interest and concern to rural Albertans, as well as a mechanism of dispute, assistance and resolution. The Farmers' Advocate has the latitude and flexibility to involve itself in any issue that may effect rural Albertans. This has enabled the Advocate to provide an independent perspective outside of any sphere of influence.

With the role of both municipal and provincial governments changing rapidly, rural Albertans will have difficulty in finding their way through the maze. The Farmers' Advocate is able to offer assistance effectively in directing them to the appropriate agency. In disputes between individuals and local governments, these complaints are advanced to the respective bodies and information requested. If the complaint is justified, measures are taken in an attempt to find a solution to the problem. The Farmers' Advocate has maintained very good working relationships with all levels of government.

The Farmers' Advocate, as a mediator and facilitator, handles a wide range of agricultural and people-related concerns which include surface and mineral rights, livestock, drainage, and financial concerns, disputes with neighbours, trespass, machinery complaints, and concerns relating to provincial and municipal regulations and statutes.

Strategies for the Future

The Farmers' Advocate will continue to deal with diverse issues brought forward by rural Albertans. The Office will provide a one-window source of information and dispute resolution.

It is apparent that oil and gas industry activity is increasing rapidly in Alberta and the need for further information will continue, particularly as the energy industry uses new technologies that may provide efficiencies to that industry, but not necessarily to the rural community. In addition, the office will be called upon more frequently than it has

in the past to act as an appeal body in concerns with such agencies as Public Safety Services, Transportation and Utilities, Environmental Protection (Refined Hydrocarbon Impact Program) and Agriculture, Food and Rural Development (Water Well Restoration or Replacement Program) as well as being an official mediator for the Alberta Association of Municipal Districts and Counties. This office is perceived to be unbiased, and there have been informal suggestions that the role of an appeal agent be expanded to include additional agencies as the expected reduction of provincial programs and services impact rural Albertans.

The requirements of the Farm Implement Act will change as technology and economy changes. The number of rural dealers in Alberta is expected to continue to decline as consolidations of dealerships continue. The changes may be profound but, as yet, are not measurable.

In an effort to standardize procedures and minimize costs for distributors doing business in the prairie provinces, the Farm Implement Act Administration is continuing efforts to harmonize the Alberta, Saskatchewan and Manitoba farm implement acts.

The Farm Implement Act is effective and accepted in the industry, as established by our dealer-distributor survey. The initiation of amendments to the Act and Regulation, which were reflected by the survey, are being addressed. The Act will continue to be monitored to assure it meets the needs of Alberta farmers.

The Farm Implement Act Administration has developed, and will continue to update and expand on its present, "Parts Source for Obsolete Implements." This obsolete implement parts list has been distributed to all licensed dealers throughout the province. It is anticipated that this list will reduce the parts source inquiries by approximately 25% or 500 calls per year.

The Farmers' Advocate will consult with all farm organizations in Alberta in developing programs and policies for the benefit of agriculture when required.

This office will continue to develop and release information packages to help Albertans become more self-reliant in negotiating disputes. This includes information on the effect the energy sector has on farm land.

Financial Plan

($000)	1994-95 Actual	1995-96 Forecast	1996-97 Projection	1997-98 Projection	1998-99 Projection
Expenditure	351	403	393	393	393

Key Results

- To have the Farm Implement Act synchronized with the Manitoba and Saskatchewan implement acts by 1997-98.

- To become more pro-active in developing criteria for all phases of reclamation including surface leases, rail bed and roadways.

Conclusion

Our purpose is to provide rural Albertans with the best and most up-to-date information available. Our clients dictate the direction the agency will take.

The Office of the Farmers' Advocate supports the Ministry's goals. Its priorities are to ensure that farmers' competitiveness, knowledge, skills, and stewardship of the soil and water increase and improve.

Appendix 6 Irrigation Council

Business Plan 1996-97 to 1998-99

Irrigation Council Mission

To support the effective management of irrigation districts and rehabilitation programs to achieve a sustainable irrigation industry.

All Irrigation Council strategies and activities are centred around the Ministry's Mission "we will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services," and fall under the Ministry Goals #4, 6 and 7.

Ministry Goal #4 - Increased diversity of industry commodities, products, and services.

Ministry Goal #6 - Improved stewardship of natural resources for agricultural, industrial, and public benefit.

Ministry Goal #7 - Improved management of the Ministry's resources.

A reliable irrigation water supply infrastructure in the southern part of the province provides opportunity for a multitude of options for agriculture producers and processors. Thirteen organized irrigation districts manage and administer their water delivery infrastructure, including 80 man-made water bodies, to deliver water to 1.25 million assessed acres of irrigation. They provide municipal water to 48 communities, domestic water to over 5,000 rural residences, plus water for recreational and habitat opportunities. The irrigation infrastructure improves quality of life, enhances the family farm and other agricultural businesses, encourages decentralized population growth and contributes 36,500 jobs to the provincial economy. Council's mission is to support the irrigation districts to do the best job possible.

Ministry's Primary Clients

Those people and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

Irrigation Council's Primary Clients

Irrigation Council's primary clients are the Minister of Agriculture, Food and Rural Development and the thirteen Irrigation Districts - their Boards of Directors and management staff. Since the irrigation district boards are elected by and to serve the district water users, Council considers the water users (collectively) to be important secondary clients.

Authority

The Irrigation Act (R.S.A. 1980, CH. I-11) Section 4 states "There shall be an Irrigation Council...." Council's responsibilities and authority are specified in the Act.

Strategies and Actions

Ministry Goal #4 Increased diversity of industry commodities, products and services. (For our purposes, the key points are affordable, reliable irrigation infrastructure to facilitate adding value through diversification.)

Irrigation Council Strategies	Irrigation Council Actions
1) Encourage the availability of effective efficient irrigation works for present and future generations.	1) Review and approve Irrigation Rehabilitation Program project proposals for adherence to accepted design standards and policies, while accommodating multiple-purpose use of water if compatible with the supply of water to irrigated lands. 2) With the assistance from department staff, work with irrigation districts in reviewing and updating current design and construction alternatives, standards and policies. 3) With assistance from departmental staff, monitor adherence to accepted design and construction standards and policies. Act on deviations.

Irrigation Council Strategies	Irrigation Council Actions
	4) In consultation with irrigation districts, ensure that they have a maintenance program in place that will maximize infrastructure life, thereby protecting the provincial investment.
	5) With the expertise of departmental and irrigation district staff, consult and assist the irrigation districts with planning for long-term rehabilitation and maintenance and the derivation of maintenance measures.
	6) Keep members of the legislature and senior government officials informed on all irrigation-related matters.
2) Advocate appropriate irrigation work infrastructure funding support.	1) Implement the new long-term irrigation district infrastructure funding program.
	2) Keep government apprised of the needs of the irrigation districts.
3) Encourage and support rationalization of uneconomic irrigation district infrastructure.	1) Request appropriate special studies.
	2) With the expertise of departmental staff, consult and assist the irrigation districts with planning for long-term rehabilitation and maintenance.
4) Encourage the irrigation districts to be more financially self-reliant.	1) Review and support feasible applications for extended activities by irrigation districts.
5) Encourage a maximum irrigation district size compatible with the district allocated water with minimum risk to water users.	1) Review irrigation district assessment roll changes, ensure compliance with the regulated expansion limits as tied to licensed volumes.

Ministry Goal #6 Improved stewardship of natural resources for agricultural, industrial, and public benefit. (For our purposes, the key points are sound water management decisions, e.g., allocation, distribution, use, and sustainable soil and water quality, e.g., preventing seepage, land classification.)

Irrigation Council Strategies	Irrigation Council Actions
1) Encourage irrigation districts to develop plans for long-term rehabilitation and maintenance	1) Ensure seepage control is considered as part of rehabilitation plans.
2) Encourage the long-term sustainability of irrigated land	1) Ensure the use of pertinent, current long-term Land Classification Standards and act quickly on non-compliance.
3) Encourage research and development of ways to increase water supply and distribution efficiencies within the irrigation districts.	1) Encourage irrigation districts to monitor, measure and record flows.
4) Promote the protection of water quality.	1) Encourage irrigation districts to educate users on minimizing or eliminating contamination. 2) Encourage the irrigation districts to pursue acceptable water quality in their supply system and in return flows, eg., control right-of-way access, control land use, wherever possible.
5) Accommodate irrigation district plans for multiple purpose use of water and related land if compatible with the long-term supply of water to irrigated lands.	1) Review irrigation district proposed special agreements. 2) Consult with and advise irrigation districts on acceptable "other" uses.

Ministry Goal #7 Improved management of the Ministry's resources. (For our purposes, the key points are improved payback from fiscal resources -return to provincial investment - responsibilities under the Irrigation Act - staffing (human resources) that Council uses as resources, quality service to client.)

Irrigation Council Strategies	Irrigation Council Actions
1) Encourage/promote optimum benefits from the government investment in irrigation district infrastructure.	1) Implement the new long-term irrigation district infrastructure funding program. 2) In consultation with irrigation districts, ensure that they have a maintenance program in place that will maximize infrastructure life, thereby protecting the provincial investment. 3) Act on any concerns where irrigation districts are deviating from Council policy or Irrigation Rehabilitation Financing Agreement. 4) Conduct periodic review of funding program.
2) Encourage fiscal responsibility by irrigation districts.	1) Review and approve those irrigation district financial activities as required by the Irrigation Act. 2) Review and evaluation proposed annual irrigation district expenditures and Audited Financial Statements. Follow up, act on any concerns. 3) Act on any concerns where irrigation districts are deviating from Council policy or from sound management practice.

Irrigation Council Strategies	Irrigation Council Actions
3) Promote full knowledge of and compliance with the Irrigation Act	1) Provide quick and accurate communication on any non-compliance to the Irrigation Act.
	2) Provide advice and coaching to all clients regarding knowledge and compliance with the Irrigation Act. Participate in related information seminars.
4) Maintain a high degree of service to clients.	1) Encourage departmental support staff to obtain the training and experience to provide technical support.
	2) Encourage Irrigation Council members to obtain training and experience.
	3) Recognize departmental employees for their contributions.
5) Encourage implementation of an effective appeal procedure.	1) Review role of Irrigation Appeal Tribunal and Irrigation Council in handling appeals.
6) Keep the Irrigation Act updated to meet current needs.	1) In consultation with irrigation districts, recommend appropriate amendments to the Irrigation Act.

Irrigation Council Key Directions - 1996-97 to 1998-99

Council's main efforts will be to:

1) Provide advice to the Minister of Agriculture, Food and Rural Development on major issues such as water management, and recommend appropriate legislation and change.

2) Review and monitor the fiscal and operational activities of the thirteen irrigation districts and, if necessary, coach them for possible improvements to policies and methods for administration and operation.

3) Implement the new long-term irrigation district infrastructure funding program.

4) Administer the current Irrigation Rehabilitation Program as per the agreements with each irrigation district.

5) Work with the Alberta Irrigation Project Association (AIPA) to achieve common aims and goals.

6) Administer the remaining outstanding disbursement of the Irrigation District Rehabilitation Endowment Fund to Leavitt, Ross Creek, and St. Mary River Irrigation Districts.

Measurable Results (Key results, performance measures and indicators particular to Irrigation Council's specific operations, from its supervisory and advisory role.)

Irrigation Council's success will be measured by:

1) Irrigation districts annual evaluation of Council's effectiveness.

2) The number of justifiable or realistic complaints by water users on irrigation district operations that come to Council for decision.

3) Adoption by irrigation districts of a structured approach to maintenance management.

4) Number of irrigation districts who are improving their water measurement network.

Financial Plan

The following table summarizes Irrigation Council's expected expenditures as projected in the Ministry's Business Plan.

($000)	1994-95 Actual	1995-96 Forecast	1996-97 Projection	1997-98 Projection	1998-99 Projection
Expenditure:					
Rehabilitation Grants to Districts	18,000	17,200	17,200	17,200	17,200
Council Administration	237	314	242	242	242
Total Expenditure	**18,237**	**17,514**	**17,442**	**17,442**	**17,442**

* Beginning in 1995-96, grants to the irrigation districts under the Irrigation Rehabilitation Program (IRP) are funded from the General Revenue Fund. IRP was previously funded through the AHSTF.

Appendix 7 Surface Rights Board/Land Compensation Board

Business Plan 1996-97 to 1998-99

Executive Summary

The Board has been able to stabilize Surface Rights in Alberta with a minimum of appeals from their decisions. Training of Surface Rights Board Members in expropriation with the Land Compensation Board continues and a proposal will be presented to the Minister for long-term development and stability of the Boards' Members.

Mission Statement

To maintain a quasi-judicial system for a just, economical and timely process for all parties, while upholding the integrity of the Acts (system) for the protection of landowners expropriated or affected by right of entry while ensuring the ability to extract minerals in a timely manner for the benefit of all Albertans.

General Board Overview

The Surface Rights Board (SRB) and the Land Compensation Board (LCB) are quasi-judicial compensation boards and the operations are dictated by the two Acts. There are at least eight other provincial Acts which also impact on the Boards, plus judicial precedents through the courts. The Boards are reactive (service on demand). Therefore, the workloads are determined by outside sources. Besides compensation hearings, the Board Members work at solving problems and giving information to the public with an eye to reducing the number of hearings required.

Environmental Issues

Due to the nature of the Board's mandate (compensation setting), there is no impact on the environment by the operations of the Boards. All environment issues before the Boards are dealt with by the appropriate agencies.

Goals

Under the Ministry's seven goals, the Land Compensation Board and Surface Rights Board have incorporated goal number seven - "Improved Management of The Ministry's Resources" - as the guide for developing the Boards' goals.

1. **To review the make-up of the Land Compensation Board membership with the Minister.**

   - To ensure a proper training program is in place for all Board Members.

   Member Requirements

   i) Acquire a good working knowledge of the Acts and any other Acts which impact the Boards.

   ii) Develop a good grasp of law covering expropriation and surface rights.

   iii) Develop ability to write concise decisions based on the law.

   iv) Learn how to chair quasi-judicial hearings.

   - Well-trained members enable us to keep the cost of hearings to a minimum as well as producing quality decisions.

2. **To continue review of administration for cost savings.**

   From 1985 to 1991, the Surface Rights Board had a 20 percent reduction in operating costs, including grants. With the amalgamation of the administration of the two Boards in 1991, an overall savings has been made and further cost efficiencies are continually being sought as the staff are trained. Through reclassification of our staff and continued cross-training in process we believe further savings will be made - workloads permitting. Although the oil industry is experiencing a high level of activity the Boards' goal is to continue to operate within the economic guidelines set by the Government.

3. **To review Section 39 of the Surface Rights Act.**

A review of Section 39 is currently under way, and recommendations are expected during 1996. Changes could be implemented as early as 1996-97.

Financial Plan

($000)	1994-95 Actual	1995-96 Forecast	1996-97 Projection	1997-98 Projection	1998-99 Projection
Expenditure	1,664	1,799	1,498	1,498	1,498

Appendix 8 The Agricultural Products Marketing Council

Business Plan 1996-97 to 1998-99

Executive Summary

Marketing Council is an integral agency of the Ministry and is in the business of assisting the producer commodity organizations who use the Marketing of Agricultural Products Act. Its roles and responsibilities are defined by statute and consist primarily of:

- advising the Minister;
- administering the legislation;
- establishing, administering, and ensuring enforcement of approved marketing regulations; and
- supervising the operations of the boards and commissions.

There are sixteen boards and commissions presently incorporated through the legislation. They represent almost three billion dollars in farm cash receipts annually, or about three out of every four dollars of our province's revenue from farming.

The proposed changes now under consideration for the Ministry will significantly increase the activities of Marketing Council as the boards and commissions expand their activities into those areas no longer serviced by government.

Council's activities facilitate producer initiatives in marketing, research and policy development. A current emphasis is to broaden the focus of commodity organizations beyond regulatory control by encouraging the development of sound business philosophy and strategic planning.

Ministry Alignment

The Ministry's Mission "to enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services" is center in Marketing Council's activities as we serve the same client needs.

Similarly, Council shares the vision of a Ministry of competent and valued staff working together and in partnership with others to achieve a world-class industry. Council's emphasis, however, is focused on providing the infrastructure necessary for the commodity groups to organize their policies, programs, and services.

In support of the Ministry's goals, Marketing Council's key results are as follows:

Ministry Goal #1: Improved access to domestic and world marketing opportunities.

- **Key Results to be Achieved:** To have all Boards/Commission Plans and Regulations assessed and/or amended to ensure they allow access to domestic and world market opportunities.

Ministry Goal #2: Improved industry service, quality and cost competitiveness.

- **Key Results to be Achieved:** Have organizations focus on their clients and the industries be globally competitive.

Ministry Goal #3: Increased amount of value added to industry commodities, products and services.

- **Key Results to be Achieved:** Boards and Commissions working actively with processing sector to increase the value added side of their products.

Ministry Goal #4: Increased diversity of industry commodities, products and services.

- **Key Results to be Achieved:** Commodity organizations having an ongoing process in place to assess changing global market requirements.

Ministry Goal #5: Increased responsibility of industry to manage risk.

- **Key Results to be Achieved:** Boards and Commissions amending legislation specifically to assist in managing risk.

Ministry Goal #6: Improved stewardship of natural resources for agricultural, industrial and public benefit.

- **Key Results to be Achieved:** To have legislation capable of addressing environmental concerns.

Ministry Goal #7: Improved management of the ministry's resources.

- **Key Results to be Achieved:** To be an organization that is efficient and effective in day-to-day operations.

Growth and Activity

Marketing Council supports the Business Plan and goals for the Ministry. It is clear that the activities of the boards and commissions will expand as government shifts to facilitating as opposed to actually doing the many things it has done in the past. The emphasis is on value-added agriculture. The food and industrial use of products marketed nationally and internationally is on the agenda of most of the organizations operating under the Marketing of Agricultural Products Act.

The development and utilization of new technology, the efficient use of natural resources, and the need for a knowledgeable and expert human resource industry are all priorities to the various commodity organizations incorporated under the Marketing of Agricultural Products Act. The shift of emphasis by government will increase the activities of the commodity organizations and coincidentally the needed involvement of Marketing Council.

Industry Review

A new funding arrangement for Marketing Council continues to be under discussion. This new arrangement is a fee-for-service concept and will remain consistent with Marketing Council's roles and responsibilities as described in the Marketing of Agricultural Products Act.

Financial Plan

Council has taken steps to streamline and become more efficient, and this process will be continuing.

($000)	1994-95 Actual	1995-96 Forecast	1996-97 Projection	1997-98 Projection	1998-99 Projection
Expenditure	458	542	509	509	509

Current Use of the Legislation

There are currently sixteen producer boards and commissions established under the Marketing of Agricultural Products Act. Also, there are other commodity groups which are considering becoming a board or commission. Attachment 1 lists the various commissions and boards now in operation and outlines their primary functions.

Attachment 1

Board or Commission	Function/Purpose
Alberta Barley	To coordinate, sponsor or co-sponsor on behalf of farmers, agronomic research, market development and promotion, information and technology transfer and policy development.
Alberta Canola Producers	To develop and implement projects and programs to increase and improve the production and marketing of canola, inform producers and advise governments on matters concerning the canola industry.
Alberta Cattle	To enhance the economic well-being of the Alberta cattle producers by lobbying government, enhancing the industry's image, promoting beef to consumers, liaising with producers and executing industry programs and services.
Alberta Chicken Producers'	To regulate the production of chickens, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Egg Producers	To stabilize the egg industry against extreme fluctuations in price, improve the monetary returns to producers, monitor the quality of eggs, improve productivity through research and encourage consumption of fresh eggs.
Alberta Hatching Egg	To regulate the production of hatching eggs, to negotiate prices to be paid to producers, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Pork Producers	To provide effective promotion and effective control and regulation in all aspects of the marketing of Alberta slaughter hogs.
Potato Growers of Alberta	To establish and maintain a minimum price on all table and seed stock, excluding potatoes for processing, sold in Alberta.
Alberta Pulse Growers	To provide responsible leadership in the development of a progressive, viable pulse industry in Alberta.

Board or Commission	Function/Purpose
Alberta Sheep and Wool	To initiate, support or conduct programs that stimulate, increase and improve the economic well-being of the sheep industry by developing better marketing methods, grading standards, and research and development programs.
Alberta Soft Wheat	To develop and implement projects and programs to increase and improve production, promote research and improve marketing of Alberta grown soft white spring wheat.
Alberta Sugar Beet Growers'	To negotiate prices to be paid to producers, to allot production quotas and to improve and increase the production and marketing of sugar beets.
Alberta Turkey Growers	To regulate the production of turkeys, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Fresh Vegetable	To set minimum prices to be paid to producers and to see that a system of grading is maintained and to enhance the well-being of Alberta fresh vegetable producers.
Alberta Vegetable Growers'	To negotiate with the processor the prices and the terms of an annual agreement on behalf of the producers of vegetables grown for processing.
Alberta Winter Wheat	To develop and implement projects and programs to increase and improve production and marketing of Alberta-grown winter wheat.

Appendix 9 Alberta Grain Commission

Business Plan 1996-97 to 1998-99

Executive Summary

The Alberta Grain Commission mission is: To ensure that policies and programs meet the needs of farmers and promote a viable market-driven agri-food sector.

The Commission's goals are:

1. To maximize the long-term interests of farmers and thereby enhance the strengths of our people, families and communities.

2. To improve the grain industry's ability to access and respond to dynamic domestic and world market opportunities.

3. To improve the grain handling and transportation service, quality and cost competitiveness.

4. To increase the grain industry's ability to diversify and add value to the crops produced and products manufactured.

The Commission's primary mandate is to develop policy recommendations to the Minister concerning the Alberta grain industry. As well, the Commission advocates policies as set out by the Minister. Effective liaison is maintained with farmers, other governments, commodity organizations and grain traders.

Introduction

The Alberta Grain Commission was established in 1972 to examine all facets of the Alberta grains industry for the purpose of developing policy recommendations to the Minister, and advocating policies as set out by the Minister or as adopted by the Commission. In addition, it is to maintain liaison with farmers, other governments and organizations necessary to carry out its objectives, and to carry out operational plans and programs to achieve such policies, goals or objectives as may be designated by the Minister.

The mandate of the Commission is as relevant today as it was in 1972. The elimination of the Western Grain Transportation Act is expected to put tremendous pressure on the grain marketing, handling and transportation system over the next five to ten years. With this, significant growth is expected in Alberta's agriculture and food industry. It is also expected that as industry moves to a more market-driven agriculture support mechanism, there will be increased focus on grain handling and transportation costs and increased efforts to achieve greater efficiencies. As producers strive to be more self-reliant and business-oriented, there will be increased pressure to remove marketing impediments.

The Alberta Grain Commission's 1996-97 to 1998-99 business plan will focus on Alberta Ministry goals 1 through 6. These goals are:

1. To improve access to domestic and world markets opportunities.

2. To improve industry service, quality and cost competitiveness.

3. To increase the amount of value added to industry commodities, products and services.

4. To increase diversity of industry commodities, products and services.

5. To increase the responsibility of industry to manage risk.

6. To improve stewardship of natural resources for agricultural, industrial and public benefit.

Expected Long-Term Results

1. Increases in Alberta Farm Cash Receipts from crops.

2. Increases in Realized Net Farm Income.

3. Less fluctuation in Net Farm Income.

4. Increases in value of exports of grain and grain-derived food products from Alberta.

5. Increases in overall employment in the agriculture, agri-food and agri-business.

Long-Term Strategic Plan

1. Maintain an effective interface with the Minister and ensure that recommendations of the Commission are communicated to the Minister.

   (Supports Ministry Goals 1 through 6)

   a) The Chairman will provide the Minister with motions and recommendations emanating from Commission meetings together with related background information.

   b) The Chairman will provide the Minister with an annual report on significant issues that the Commission has addressed.

   c) The Chairman will provide the Minister with regular, single-page grain issue updates suitable for the briefing of and distribution to decision makers.

2. Maintain contact with farmers and the grain industry to ensure that the needs of the sector are reflected in Commission recommendations to the Minister.

   (Supports Ministry Goals 1 through 6)

   a) Commission Members will attend meetings of farm and grain-related organizations and develop appropriate relationships in order to keep the Commission apprised of industry developments.

   b) Commission Members will jointly develop recommendations to the Minister, and for the operation of the Commission.

3. Promote and advocate policies which clearly support Ministry and Commission goals, and monitor and assess industry development to ensure that appropriate issues are being addressed in a timely manner.

   a) Promote greater access of farmers to domestic and international markets by pursuing constructive changes to the structure and performance of the Canadian Wheat Board.

   (Supports Ministry Goals 1, 2 and 3)

b) Advocate appropriate changes and adjustments resulting from elimination of the Western Grain Transportation Act in support of a more efficient and responsive grain handling and transportation system.

(Supports Ministry Goals 1, 2, 3, 4 and 6)

c) Pursue changes to the Canada Grains Act that will allow for improved marketing, handling and transportation efficiencies.

(Supports Ministry Goals 1, 2 and 5)

d) Review general marketing issues such as competition, terms of trade, price reporting, commodity futures contracts, and the contracting environment.

(Supports Ministry Goals 1, 2 and 5)

e) Review and make recommendations regarding input costs, input/output price relationships, fertilizer competition, research, conservation and environmental issues as they affect Alberta farmers.

(Supports Ministry Goals 1, 2 and 6)

f) Monitor the performance of provincial and federal/provincial programs benefitting Alberta farmers to ensure they are meeting program objectives as well as the needs of producers.

(Supports Ministry Goals 1, 2, 3 and 5)

Financial Plan

($000)	1994-95 Actual	1995-96 Estimate	1996-97 Projection	1997-98 Projection	1998-99 Projection
Expenditure	203	279	222	222	222

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